



Governor's Executive Budget

Fiscal Years 2004-2005

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State of Montana

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Volume 1
Overview and Agency Budgets

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OFFICE OF THE GOVERNOR

STATE OF MONTANA

JUDY MARTZ
GOVERNOR



STATE CAPITOL
PO Box 200801
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November 15, 2002

Honorable President and Members of the Senate
Honorable Speaker and Members of the House

Honored Members of the Fifty-Eighth Legislative Assembly:

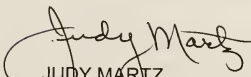
In accordance with Article VI, Section 9, of the Constitution of Montana, and Title 17, Chapter 7, part 1, Montana Code Annotated, I am transmitting to you my 2005 Biennium Executive Budget recommendations.


This budget sets forth a balanced financial plan for Montana state government for fiscal years 2004 and 2005. In order to achieve this balance, very difficult choices were made regarding virtually every program in state government. I believe that this budget responsibly allocates available revenues to the highest priority programs and provides a solid foundation for your deliberations to begin. I trust you will use it in that manner.

I want to take this opportunity to acknowledge all the hard work, long hours and great effort that so many employees put forth in preparing the biennial budget, at both the agency level and the Office of Budgeting and Program Planning. If you would like additional information about the budget or if you have questions, please contact any state agency or the OBPP.

I wish the members of the Fifty-Eighth Legislative Assembly well as you commence your work.

Sincerely,


JUDY MARTZ
Governor



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Overview of 2005 Biennium Executive Budget

Background – The late 1990s were good years for most Montanans. State government participated in the boom cycle, building roads and bridges, renovating and constructing buildings, expanding services from child care to health care, catching up on a long backlog of natural resources work, supporting the arts, history and libraries, and laying a foundation for economic development and electronic government services to our citizens in the 21st century. Everyone worked very hard to prepare for Y2K and were relieved when hundreds of systems converted with only a few glitches.

Economic storm clouds began to appear on the horizon in the summer of 2001 as the national economy entered a recession. The Office of Budget and Program Planning started meeting with each state agency to discuss the philosophy of this administration: We would begin to reduce expenditures, adjust services to avoid supplementals, scale back expectations of state agencies and special interest groups about proposals for the 2003 Legislature, and plan how to live within our means.

As the economic storm clouds built around us, surrounding states began calling special sessions to balance their FY 2002 budgets. After the tragic events of September 11, 2001, attacks on the World Trade Center and the Pentagon, markets declined and the recession deepened. Montana's economy was not impacted as significantly as other states, but we continued to see a slippage in revenues from what was projected by the 2001 Legislature. By April 2002, the Governor and the budget director announced plans to initiate the statutorily-required steps to implement budget reductions up to 10 percent under 17-7-140, MCA.

Agencies identified potential general fund reductions and fund balance transfers and reported on how the customers and employees would be affected. By May 24, 2002, a plan was prepared that reduced general fund in the Executive Branch agencies by 3.5 percent and among elected officials by 3.2 percent, with the percentage reductions ranging from \$166,557 or 1.1 percent in the Department of Natural Resources and Conservation due to having absorbed more than \$6 million of fire suppression costs to \$184,415 or 10 percent in the Board of Crime Control. In the first action to balance the FY 2003 state budget, which began July 1, 2002, the general fund reductions totaled \$23.25 million and the fund transfers totaled \$14.60 million, as ordered by the Governor in June, 2002.

By mid-June 2002, it was clear earlier action to reduce spending would not be enough to offset the continued loss of state revenue. On June 28, the Governor issued a Proclamation calling the Fifty-seventh Legislative Assembly into Special Session on August 5, 2002, to make further reductions in the FY 2003 state budget. Again, the agency directors and staff set to work looking for each and every general fund savings and least painful reduction to Montana citizens. After many negotiating sessions with state agencies, the Governor's recommendations to bring the 2003 biennial budget into balance were published on July 19 with an additional \$45.26 million of spending reductions, transfers and revenue reallocations. After a six-day session, the Legislature adopted and the Governor approved \$59 million in budget balancing actions, leaving an ending fund balance projection of \$27 million.

With the 2003 biennium budget balanced once more, the state rating agencies, Moody's and Standard and Poor's, recognized Montana as one of the first states to solidly address FY 2003 revenue shortfalls and issued bond ratings of Aa3 and AA-, respectively, and gave Montana a stable outlook ranking for FY 2003.

The agencies and the OBPP started working on developing the 2005 biennium budget. All of the general fund Governor's reductions and the special session reductions for FY 2003 that were sustainable were treated as though they had occurred in each year of the 2003 biennium. That is, they were subtracted from both the FY 2002 actual expenditures [the base budget] and from the FY 2003 appropriation to create a general fund target for the 2005 biennium. In addition, the 2005 biennium present law adjustments to annualize the pay plan, cover the deficit in insurance and tort claims, pay for utility cost increases in state buildings, etc. were distributed to all agencies, which means those costs were absorbed in the recommended general fund targets. Agency targets were reviewed and adjusted on a case-by-case basis.

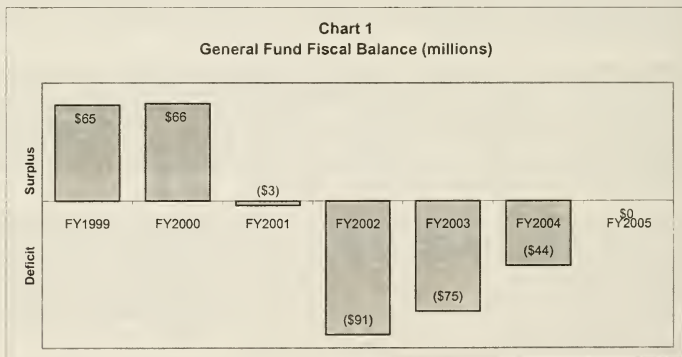
Agency directors and staff spent thousands of hours adjusting budgets, scaling back expenditures, studying options and making plans that would create the least amount of disruption in the most critical services. The recommended budget eliminates some programs and functions from state government and reduces the vast majority of services that use general fund. The reductions will mean some people will no longer receive some services. Care has been taken to try to ensure that services are continued to those who are most in need.

Legislation will be needed to implement some of the spending reductions, proposed funding switches and the continuation of fund transfers begun during the August 2002 Special Session. When these additional bills affect HB 2 General Appropriations Act authority, they have been included in the narrative for each agency as new proposals numbered in the 8XXX series for legislative consideration.

Budget recommendations vary from agency to agency, with some of the more significant items highlighted below.

GENERAL FUND FISCAL BALANCE RESTORED BY FY 2005

In FY 2005 the general fund is restored to balance with revenues slightly exceeding expenditures for the first time since FY 2000. The recession of 2001 and effects of the bursting of the technology stock bubble reduced 2003 biennium revenues \$180 million below that anticipated in the regular session in the spring of 2001. The moderate actions taken by the governor and the legislature in special session to constrain expenditure growth are continued in this budget and, coupled with revenue growth returning to normal rates, bring the state general fund back into fiscal balance by 2005. This does not represent a serious retrenchment in the commitment to services provided to citizens of Montana. Adjusted for the move of the school guarantee fund to state special revenue, FY 2005 represents a new high for general fund revenues and expenditures for Montana. The fiscal balance is illustrated in Chart 1 below.



Funds transferred from Coal Trust Fund – Restoration Plan Statutorily Established

The budget transfers \$93 million from the constitutional coal trust fund and proposes a statutory plan to restore the principle of the trust. In spite of establishing a fiscal balance in FY 2005 the deficits of 2001-2004 deplete the \$176 million fund balance on hand at the end of FY 2000 and, without a transfer from the trust fund, will leave a \$36 million negative fund balance in FY 2005. Having reached a sustainable spending level by 2005 we believe it is not prudent to further reduce services or to increase taxes solely for the purpose of reestablishing the fund balance.

EXECUTIVE BRANCH AGENCIES

K- 12 Education - As the first quarter of the school year draws to a close, there is much on the minds of the administration, educators, parents and students in this state. At the top of that list for many is this question: how can we work together to strengthen Montana's excellent education system while living within current budget constraints?

One reflection of the interest in public schools during the interim was the Governor's Public School Funding Advisory Council (hereafter referred to as the Advisory Council). This group held hearings across the state to find out what

solutions are out there for K-12 funding. These are the people's recommendations and they received the highest consideration in preparing the budget.

Education, like much of Montana, is experiencing difficult financial times. There has been deserved attention about the possible need for increased appropriations to operate our public schools. Quality schools are a priority for the Martz Administration and this budget reflects that importance. The needs of educating our students are met in this budget, showing a sincere attempt to minimize any adverse impact to Montana's schools because of declining state revenues.

In the year 2000, the United States spent 3.3 percent of the gross national product, or 3.3¹ percent of all the goods and services that were produced in the nation were for K-12 education. In the state of Montana, we spent 4.6 percent of our gross state product, or 4.6 percent of all the goods and services produced in the state for K-12 education.

Declining Enrollment and Fixed School Costs - In many areas of Montana's government the number of citizens utilizing services has steadily increased. Corrections, health services, and family assistance have all been asked to serve more Montanans. K-12 public education on the other hand has experienced a decreasing number of students. The peak enrollment in Montana's schools occurred in FY 1996 with 165,547 students. In FY 2004 enrollment is expected to be only 146,566 students. This is an 11.5 percent drop in the number of students over eight years. It is logical that fewer students will cost less money. Yet, the question arises as to how quickly can districts adjust to the lower number of students. Portions of school district budgets are fixed costs that take time to reduce. Currently, when a district loses a student, the ANB entitlement for that student is reduced in the following year. Districts have had a difficult time adjusting the fixed costs that quickly.

The Advisory Council looked at this issue and proposed using a three-year average for determining ANB. In developing this budget, the three-year average proposal had a very high priority. We looked at the significant growth in recent years in the Treasure State Endowment Program interest. In 1992, the voters approved that this revenue be set aside for local infrastructure. The first year of this program was in FY 1994 with \$928,696 in interest earnings for local infrastructure needs. In FY 2004, just ten years later, in excess of \$8 million will be available for local infrastructure. In keeping with that intent, this proposal uses half of the interest from the Treasure State Endowment program for school facility payments currently paid for with general fund. The plan frees up a little over \$4 million general fund each year, which will be used to begin three-year averaging in FY 2005.

Educator Recruitment and Retention - Montana is experiencing a shortage of educators in several areas. The shortage also extends outside of curriculum areas and severely impacts certain geographic areas in Montana. This is why the need for an educator recruitment program has long been recognized. This new program will help schools with critical shortages. The program would pay up to \$12,000 toward student loans of new teachers over 4 years.

This program will also assist with the problem surrounding initial turnover. By accepting a loan repayment plan in exchange for four years of service, new teachers will be not be lost after their first year in education.

Rising insurance costs and higher salaries in some other states are often cited as reasons for teachers to leave their job in Montana. The Advisory Council recognized the need for school insurance reform and the administration will be monitoring the several pieces of legislation already formulated. In particular we are interested in the statewide insurance pool that uses the purchasing ability of a very large group to improve benefits and services while keeping costs to a minimum.

Like insurance, the salary struggles are not limited to education. In 2001, the national average wage was \$36,124, while in Montana it was \$25,194². On average, Montanans earn 30.4 percent less than workers nationally. Nationally, teachers earn \$43,250, while in Montana teachers earn \$33,249³ or 23.1 percent less than their national peers. All Montanans share in low wages and we must continue to strive for better paying jobs for all professions.

New Medicaid Eligibility for School Based Services – The Department of Health and Human Services (DPHHS) has historically provided the general fund match for school-based services under Medicaid. DPHHS, OPI and the Governor's Office have been working cooperatively to restructure school-based services, by using the \$35 million general fund spent

¹ U.S. Department of Commerce, Bureau of Economic Analysis <http://www.bea.gov/bea/regional/data.htm> and National Center for Education Statistics, <http://nces.ed.gov/pubs2002/quarterly/summer/3-7.asp#Table-3>

² U.S. Department of Labor, Bureau of Labor Statistics, <http://data.bls.gov/labjava/outside.jsp?survey=en>

³ American Federation of Teachers, AFT Survey and Analysis of Trends 2001,

http://www.aft.org/convention/download/01survey_tables.pdf

per year on special education as a match for Medicaid payments. DPHHS also proposes to revise rules for existing services and add new services that would qualify for coverage under Medicaid.

This proposal will allow schools to qualify for Medicaid funding for services that they currently provide under IEPs (Individual Education Plans) and simplify the process of submitting medical claims as much as possible. For example, an IEP may require a school to provide extensive Personal Care Aides for students with special needs. These services traditionally have not been a covered service under Medicaid, but under the proposed changes these services will become a Medicaid covered service for school-based providers.

The proposed changes are also intended to refinance services such as the Comprehensive School and Community Treatment (CSCT) program. CSCT helped schools receive psychological services brought to students on their campuses. Unfortunately, budget reductions in the past year have eliminated the CSCT program.

The combination of these efforts should allow schools to replace the CSCT program, and help schools stretch their state special education funding farther. This proposal will bring stable funding that schools can rely on for Medicaid match. As a result of these changes for school-based services, up to \$13 million in new federal funding could be available to schools in FY 2004 and each year thereafter.

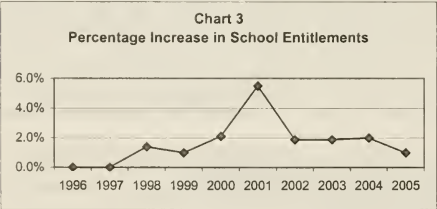
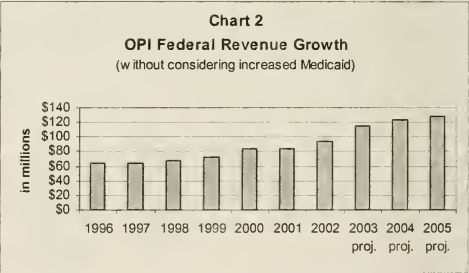
Entitlement Increases - The level of school entitlements is also of concern for the administration. New avenues deserved exploration in order to meet the need of Montana's schools.

In looking at the entire school funding picture, and considering the significant amount of new federal revenue both in direct grants and Medicaid anticipated for schools, it became apparent that there would be increases in retirement as a result of these increases in federal programs.

Currently, the retirement costs for all personnel employed by the districts are charged to the state and county via the retirement fund. This means federal programs, transportation, food services, and the other funds charge the retirement, social security and unemployment insurance to the state and county taxpayers. This is an atypical accounting procedure. Usually federal grants pay for the full personal services costs associated with the new program. With the newly expanding federal programs, this is becoming a greater burden on taxpayers. Chart 2 shows the increasing federal expenditures through OPI.

The revenue to the retirement fund is primarily comprised of state general fund and county levies. When the district receives additional federal revenue for a specific purpose, it can augment that grant by the cost of the retirement, which is permissively charged to the county and state. With the significant increases in federal authority, this amount will be significant.

The administration has brought forth a proposal that changes statute to allow only salaries paid from the general fund to be charged to the retirement fund. It is anticipated to save the state general fund \$4.3 million in FY 2004 and \$3.6 million in FY 2005. Likewise, the proposal saves county taxpayers about \$11 million per year. Tax relief is not the purpose of this proposal. In order keep taxpayers and districts reasonably close to the current law, the proposal offsets this reduction with a decrease in the direct state aid percentage from 44.7 percent to 42.6 percent. Both of these efforts combined create the ability to increase entitlements 2 percent in FY 2004 and 1 percent in FY 2005 and still remain within the targeted levels for K-12. Chart 3 demonstrates the administration's strong commitment to education even when budgets are extremely tight as they are now.



K-12 Conclusion - Montana students achieve at some of the highest levels in the country. The administration understands that these results will begin to decline if we fail to help Montana's students. It is much easier to maintain a quality system than it is to build one.

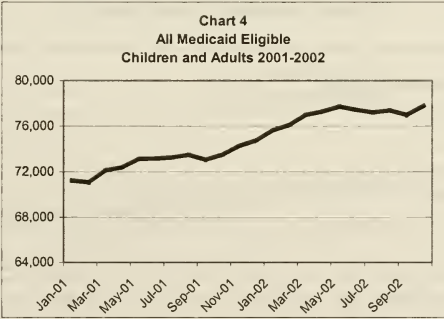
That is why a message of hope for students is needed in these difficult times. They will continue to achieve at a high level and, when the financial difficulty is fading from memory, Montana's schools will still be strong.

The education budget recommendations of the administration are consistent with a balanced view of all services provided in the state. This budget continues that tradition of Montana's strong commitment to our students.

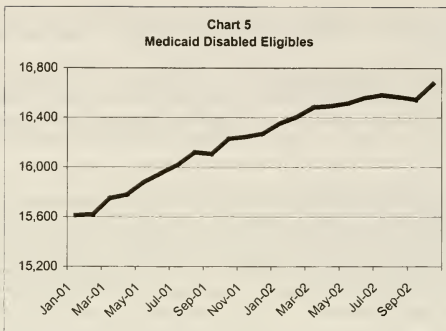
Department of Public Health and Human Services - The DPHHS budget has been prioritized with four controlling factors: 1) growth in caseloads; 2) federal funds being shifted out of programs to cover additional public assistance caseloads; 3) slower than anticipated revenue growth; and 4) maximizing use of federal funds for eligible services. The DPHHS budget presents a balance among available revenues, the breadth and scope of services provided, and the continuing demands of caseload growth in needed services, most prominently in the Medicaid program which adds approximately \$36 million general fund in this budget. This balancing effort between resources and need has been the hallmark of the agency's efforts over this biennium.

In the last quarter of FY 2002, DPHHS took several mitigation actions to its budget to stay within the funds appropriated for biennium. Subsequently, the budget was reduced for FY 2003, first by the Governor and then by the Legislature, to stay within available revenue. Throughout the 2003 biennium the department has continued to deliver the services as charged by the Legislature, administration, and, where applicable, the federal government.

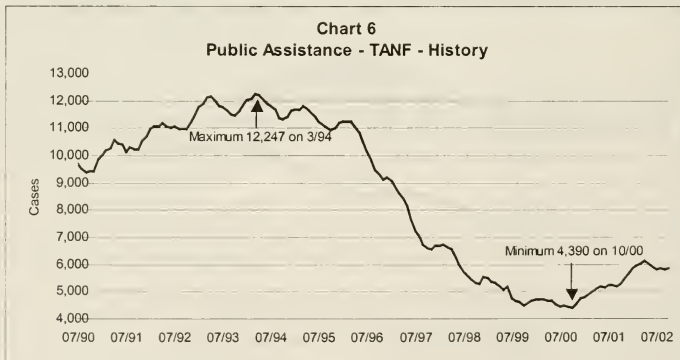
The 2005 biennium budget represents a prioritization of funding for programs to maintain the 2003 biennium level of funding. Critical to this plan has been the ability to absorb the \$36 million increase in Medicaid. Chart 4 portrays the growth of people – children and adults – eligible for Medicaid services increasing 5.7 percent in FY 2002.



The cost of Medicaid is determined by the number of people who require health services, the number of services they use, and the cost of those services. One indicator is the number of people who are disabled who require Medicaid assistance. This group of people, for the most part, requires Medicaid services that are higher cost than other groups. Chart 5 is presented to show the history of service for this group of Medicaid recipients.



The decline in cash assistance caseload under welfare reform is illustrated in the Chart 6. With the reduction in TANF caseload, the agency invested federal TANF funds in other areas, specifically child care, foster care, and disability services. With the caseload increase in the last two years, the availability of funds to provide these other public assistance benefits has been limited. Therefore, the budget for the department was structured without these services being replaced with general fund.



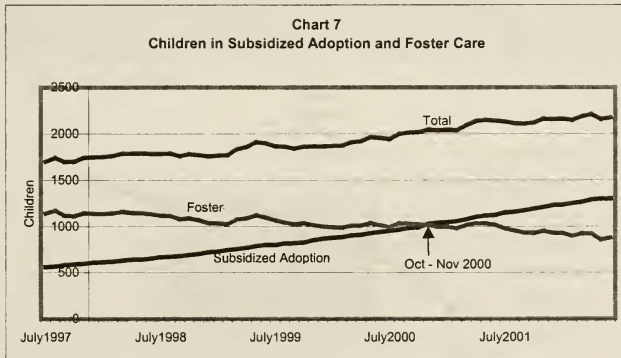
To accommodate the Medicaid caseload growth and to stay within available revenue, the Addictive and Mental Disorders Division has developed a plan that has three key components:

1. Reduce the size and restructure the mental health services plan (MHSP) for mental health services for adults and children who have serious mental and emotional disorders and who have family incomes below 150 percent of the federal poverty level. MHSP has been a quasi-entitlement program since 1999 and the cost of services for non-Medicaid mental health adults has risen 26 percent in the last 2 years primarily resulting from increases in the pharmacy benefit. MHSP will be restructured to provide contracts for a fixed number of individuals. Each contract agency will have a certain capacity of MHSP clients for which the department will fund services. Separate adult and youth caps will be established. Criteria for eligibility for MHSP services will be tightened to

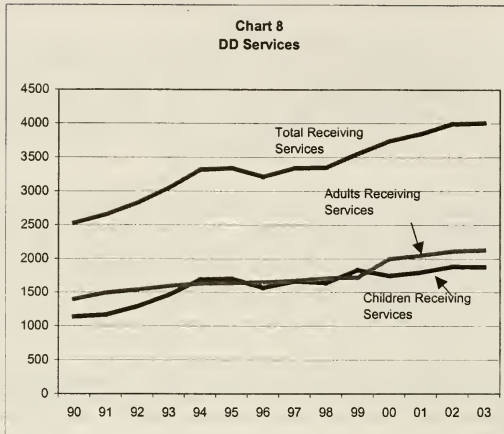
assure the most in need are served. This reduces the costs of MHSP for children and adults to \$9 million for the biennium.

2. Cap the Montana State Hospital patient capacity at 135 and create 45 community-based inpatient psychiatric beds to offset the reduced capacity at Montana State Hospital (MSH). This will promote use of least restrictive services; provide an alternative to simply expanding the MSH capacity; and reduce general fund cost by establishing three 15-bed "Behavioral Health Inpatient Facilities" (BHIF) in three communities for Medicaid recipients between the ages of 21 and 64. The BHIFs will provide more dispersed capacity and will allow for Medicaid federal funding. Legislation will be required to implement this decision package. The department believes the creation of 45 BHIF beds, with appropriate utilization management, will enable MSH to operate within a 135 patient census.
3. Restructure services for Montana mental health nursing care center. MMHNCC has experienced a slow but steady decline in utilization for more than a decade, as expanded community mental health and private nursing home services have provided alternative care options. The current MMHNCC patient census is approximately 105 including about 35 individuals who are younger than 65. State policy and Olmstead compliance suggest that these younger residents should not be in a state-operated psychiatric nursing home if a community-based alternative can be found or created. The department proposes to create an intensive community support program for these 35 residents to serve them outside the institution, to close a wing at the center, and to reduce the capacity to 75. The savings from this reduced cost at the center will leverage federal money for community programs and provide services for this group of residents in a less restrictive, more integrated setting.

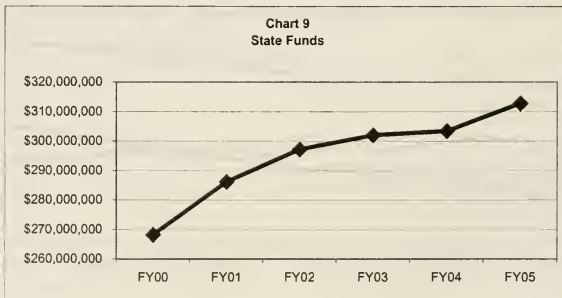
The department has continued its efforts to create permanent placements for children for whom return to the home would be contrary to their welfare. The intent of the Child and Family Services Division is to protect the children and to preserve the family unit if at all possible. Chart 7 demonstrates that the children who are in adoptive placements now exceed the number who are in foster care.



The number of people who are served by the Disability Services Division has increased by almost 60 percent since 1990. Chart 8 provides an overview of the number of adults and children who have received these services. Despite this effort, there remains a waiting list for these services.



Finally, it is useful to review the level of state funding that has been available for the wide range of services provided by the DPHHS over the last few years. Current revenue concerns should be considered as all of state government is being required to slow the growth of spending. Chart 9 shows the historical growth in appropriations for the department.



Montana University System – The Montana University System, including the community colleges, is scheduled to receive \$273.4 million of general fund for the 2005 biennium excluding pay plan. This is the same amount as the system received in the current 2003 biennium.

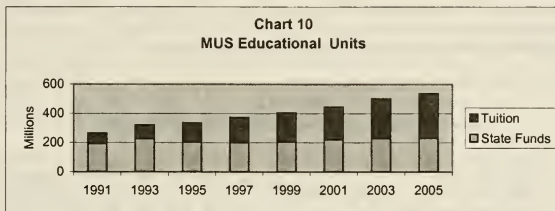
State support for the educational units is \$206.6 million of general fund and \$24.6 million in six-mill levy revenue.

The Montana Board of Regents enacted significant tuition increases in the previous biennium. These increases, along with an increase in projected students for the 2005 biennium, will generate additional revenue to help fund the general operating budgets of the campuses. The tuition rate in the 2005 executive budget is expected to increase about 4

percent above the initial FY 2003 tuition rates. The executive budget estimates \$305 million for tuition for the 2005 biennium.

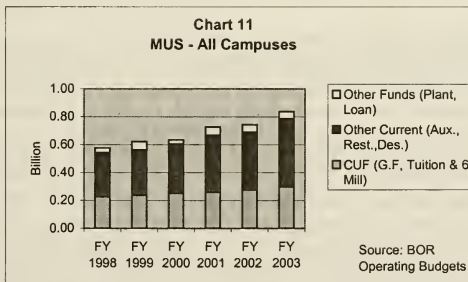
The Agricultural Experiment Station, Extension Services, Bureau of Mines, Forestry and Conservation Experiment Station and the Fire Services Training Station, along with the three Community Colleges were also held to the same level of funding as in the 2003 biennium.

Chart 10 shows the level of general fund and millage appropriated each biennium since 1991 and tuition expended.



The MUS receives and spends a considerable amount of money beyond what is reviewed in the legislative process. The entire budget of the MUS is expected to climb over \$800 million during FY 2003.

The current unrestricted fund (CUF) accounts for activity related to the general operations of the campuses. The revenue sources of the CUF include state general fund, 6 mill levy and tuition and fees. The CUF is approximately 35 percent of the entire MUS budget. The second most significant portion of the entire budget is restricted funds that comprise about 30 percent of the total. These restricted funds include federal and state grants and financial aid. Chart 11 shows the entire budget for all campuses since 1998.



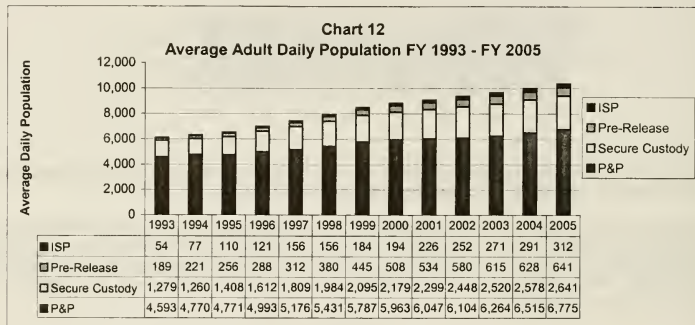
Department of Corrections – The general fund target is \$209.86 million, which is a reduction of about \$30 million from what was requested during EPP earlier in the year. This target was achieved through a combination of spending reductions and lower population projections for contract prison beds. The use of the conditional release program and changes in sentencing patterns by judges who are aware of the state financial predicament assisted the department's efforts to move inmates through the system as quickly, safely and legally as possible. All of the mitigation measures are being taken with public safety as the number one priority.

The reduced bed estimate can be directly attributed to the agency efforts in moving eligible offenders committed to the department into community corrections settings, resulting in much lower costs per day. Thus far, 238 offenders have

been released from prison into community corrections and only 13 have been revoked back to prison. The department's goal to release 400 offenders into community corrections, in FY 2003, will alleviate a major portion of the general fund shortfall, originally projected at \$9 million for the year.

Additionally, a savings from the 4th offender DUI WATCH program at the Xanthopoulos Building on the Warm Springs Campus has the ability to treat 140 offenders for 180 days, rather than a 270 to 395 day stay in prison or pre-release. Use of the Missoula Regional facility as a short-term assessment center for department commitments and probation revocations also will reduce prison stays even further. The end result should show more general fund savings.

The general fund recommended in the executive budget will allow the department to reinstate some of the inmate training and treatment program cuts made at the regional prisons during the FY 2003 budget reductions. Chart 12 below shows the actual and budgeted average daily adult population growth by category.



Department of Justice – The Department of Justice 2005 biennium budget reflects several significant changes. First, the Motor Vehicle Division is proposing to continue developing its new computer system that will replace the obsolete system and improve business processes to integrate titling, registration and driver licensing. Phase II of the project will be funded by another loan from the Board of Investments of \$18,000,000 and the debt service is recommended to be repaid by a \$5 per title transaction fee. The department also will be proposing legislation for the Montana Law Enforcement Academy that will relieve the general fund by approximately \$2 million per biennium through a fee in courts of original jurisdiction and a fund switch from general fund to state special revenue. Finally, the department will manage throughout all divisions to budget within the general fund reductions that will continue as a result of the special session.

Department of Natural Resources and Conservation – Payment of unbudgeted fire suppression costs places a significant burden upon existing department funding sources. Fire expenditures are paid first from the general fund in Forestry and then from other program budgets. Regular budgeted general fund dollars that are expended on fire suppression expenses are normally recovered through a supplemental request to the Legislature. The problem with this process is that the department must try to carry the expenditure load for one and one-half years until the supplemental request is approved. The department has run into significant budget problems during the last several years due to organizational changes and significant expenditures on fire suppression. As a way to partially alleviate this situation, the administration will recommend in LC 321 that the Governor's emergency statutory authority be increased from \$12 million to \$25 million and that federal reimbursement for mutual aid to other states and entities may be expended.

In addition, the Crow Tribe escrow account is funded in accordance with the settlement agreement through increased deposits of \$500,000 per year general fund.

Economic Development – Both in the Governor's Office and in the Department of Commerce, economic development programs and activities are recommended for elimination or very significant reductions to help deal with the general fund

revenue shortfall. Economic development remains one of the administration's highest priorities. We must support the businesses we have in Montana and develop higher paying jobs across the entire spectrum of our economy.

In the Department of Commerce, it is recommended to eliminate Research and Commercialization for \$3.65 million per year, Certified Communities for \$50,000 and Export Trade for \$250,000. Treasure State Endowment Program grants for water and sewer projects also are reduced by \$8.458 million so the TSEP money can be used for school facility payments in K-12. In the Governor's Office the statutory appropriation to the Office of Economic Opportunity is eliminated for a general fund savings of \$700,000 over the 2005 biennium and the Washington, D.C. office will not be opened. In addition, in the HB 2 appropriation there is 1.00 FTE recommended for elimination for a 2005 biennium general fund savings of \$78,948.

We are making some very significant economic development progress and it is vitally important that we continue our efforts, albeit at a more modest level. The New Economy Index, published by the NIC: The eGovernment Company, ranks the 50 states regularly. From 1999 until 2002, we moved from 31 in the country to 18 for the proportion of our on-line population, from 42 to 20 for the number of managerial professional and technical jobs, and, very important for our future, from 41 to 16 for the number of scientists and engineers.

Department of Revenue - The executive has had the difficult task of trying to identify the fine line between cutting expenditures in the Department of Revenue and not reducing revenues to the state generated by those expenditures. Critical analysis indicates those areas recommended for reduction will have the least impact on revenue collections, which has been a difficult task when the entire department is organized around collecting revenue. Department-wide, there are proposals to reduce from base FY 2002 approximately 22.00 FTE and related operating expenditures, for a total reduction of approximately \$5.7 million from the department's original budget submittal. These reductions include technical maintenance and upgrades, agency administrative support functions, property tax services, freezing rent paid to counties for space occupied by department employees at the FY 2003 rate, eliminating various operating costs and discontinuing development of POINTS Phase II.

The department looked at new methods for collecting revenue without placing additional burden on those Montanans who already pay their fair share. In the 2005 biennium, the department plans to participate in the Treasury Offset Program, together with about half of the other states. This program enables states to send a list of eligible taxpayers with delinquent state tax debts to the U.S. Treasury's Financial Management Service (FMS). FMS withholds any federal tax refund to be applied against the state tax delinquency.

The most significant reduction made by the department relates to the decision to discontinue the development of POINTS Phase II. POINTS Phase II was to include individual income tax and corporation tax. The key factors to this decision include the state's significant budget deficit and a delayed implementation timeline causing increased development costs.

Department of Military Affairs - The \$6.3 million general fund target was about \$3.5 million less than the spring budget plan. Significant reductions were made in program budgets and the \$250,000 National Guard Scholarship Program is recommended to be eliminated in the 2005 biennium. The employment security account funds from the Department of Labor and Industry will continue providing the state match for the Project Youth Challenge Program federal funds.

Agriculture and Livestock - The four-year drought continues to take its toll on both the Department of Agriculture and the Department of Livestock. Lower production means less state special revenue to support the agencies and, therefore, programs are reduced accordingly. Nonetheless, the agencies met or exceeded their targets. The Growth Through Agriculture Program HB 2 and statutory appropriation will be reduced by \$502,706 and \$1,250,000 respectively for the 2005 biennium. It will be recommended that some services, which have been provided with general fund, will begin charging fees commensurate with the costs in the future.

Department of Environmental Quality - Most significantly, there is recommended in HB 10 a \$9 million G.O. bond to pay for the state match to the U.S. Environmental Protection Agency superfund funds for fast-track cleanup in Libby and Troy. The debt service will be paid from hazardous waste CERCLA funds. There is a complete write-up of the proposal in Section F. In addition, the department will be requesting legislative action on several bills to increase fees commensurate with costs.

Long-Range Building Program – During the special session, the coal severance tax revenue for the cash portion of the LRBP was reduced by \$644,000 and deposited to the general fund. The executive recommends the reduction continue for two more years, providing an additional \$1.226 million for the general fund. In addition, the construction disputes from the Capitol renovation and the Montana State Hospital expansion have been resolved. These reductions and actions leave only enough cash in the LRBP account to recommend funding for the four highest construction priorities in the state. [Section F contains the budget recommendations.]

Treasure State Endowment Program – As mentioned above, the TSEP grants are recommended to be reduced by \$8.458 million and the funds be used to replace a like amount of general fund in the K-12 school facility payments. In addition, it is recommended that a bill be adopted to increase the share of coal severance tax trust fund flow to TSEP from 50 percent to 75 percent until June 30, 2013. This in the long term will make more money available for infrastructure programs.

Reclamation and Development Grants – Revenue for the RDGP projects was cut by 50 percent during the August Special Session and it will take three years for the program to recover. The recommendations for grants are contained in HB 7 and in Section F.

Cultural and Aesthetic Grants – During special session, lodging facility use tax replaced \$198,575 of general fund remaining in the grant program. Since that revenue is not available in the 2005 biennium for a fund switch, instead of the \$600,000 general fund match requested, the executive requests \$499,150 general fund for the recommended arts, history and cultural grants projects.

THE JUDICIAL BRANCH

The Judiciary – As required by 17-7-122(3), MCA, the 2005 biennium budget requested by the Judicial Branch is presented in the executive budget. However, on the general fund balance sheet in the recommended budget, \$952,915 of that request is not funded, including requests for 5.25 FTE, and including the \$17.2 million of increased variable costs for District Court assumption discussed below.

The 2003 Legislature passed SB 176, which required state assumption of District Courts starting in FY 2003 as administered by the Supreme Court Administrator's Office. The premise of this legislation was to provide fair and equitable treatment of Montana citizens from one jurisdiction to another. The transition to state assumption was accomplished on July 1, 2002, after enormous effort by the Chief Justice and staff of the Judicial Branch, together with assistance from the Department of Administration and the Office of Budget and Program Planning. Because the FY 2002 base budget year was still at the county government level, the OBPP granted an exception in the 2005 biennium budgeting process and allowed the projected FY 2003 expenditures to be used as a base. Assumption increased state employees by about 245.18 FTE.

Although the premise of the District Court legislation was sound, the assessment of which services were or were not being assumed and their related financial costs was flawed. Currently, without FY 2003 actual expenditures, it is projected that the required general fund increase in excess of the original funding mechanism of SB 176 will be \$17.2 million for the 2005 biennium. Given the magnitude of the anticipated general fund deficit, the state cannot absorb another \$17.2 million increase to continue the District Court services as provided or implied in the original legislation. Therefore, the Office of Budget and Program Planning will propose legislation to sort out responsibilities for the myriad of variable services and costs in the District Courts and the counties, to ensure accountability for service referrals that drive up costs, and to distribute the costs to the responsible parties.

THE LEGISLATIVE BRANCH

The general fund target for the Legislative Branch was calculated in the same manner as all other agency targets. In accordance with 17-7-122, MCA, the Legislative Branch budget request is presented as submitted.

Organization of the Recommended Executive Budget - Sections A through E present the HB 2 General Appropriations Act recommendations for general fund, state special revenue, federal special revenue and proprietary funds that are appropriated in that bill. Each of these five sections will be referred to one of the Joint House/Senate Appropriations Subcommittees. Under the agency main table or the program table, if there is a notation that a HB 576

section exists, that means that the balance of a program is in a non-appropriated proprietary account, which may be found in Section P in Volume II.

Also in Volume II are Section F, which is referred to the Joint Appropriations Subcommittee on Long-Range Planning, the Information Technology Summary required by passage and approval of SB 131 last session, and the Reference Section that includes a number of tables and reports on agency budget summaries, calculations included in the budgets, an economic overview, the statewide ADA report, Unified Prevention budget and the Governor's Tourism Tax and Individual Income Tax Advisory Councils Final Reports.

State employee pay plan

The budget includes \$8.18 general fund million to allow increases in the monthly state contribution for employee health insurance of \$44 in fiscal year 2004 and \$50 in fiscal year 2005.

Legislation Required – On pages 2 and 3 of the Reference Section, the bills are listed that will be required to implement all of the executive budget recommendations.

GENERAL FUND BUDGET RECOMMENDATIONS

	Actual FY2002	Budgeted FY2003	Proposed FY2004	Proposed FY2005
Beginning Fund Balance	172.85	81.89	(5.27)	(66.09)
Revenues	1,246.59	1,203.88	1,233.19	1,306.34
FEMA fire reimbursements	16.56	-	-	-
Subtotal Revenue	1,263.15	1,203.88	1,233.19	1,306.34
Residual Equity Transfers In	0.40	-	-	-
Total Available	1,436.40	1,285.78	1,227.92	1,240.25
Expenditures				
General Appropriations				
Human Services	267.92	257.57	261.75	269.50
Corrections	96.89	96.95	104.22	105.64
Public Schools	494.05	453.93	442.35	447.29
Higher Education	138.78	134.63	136.69	136.69
Other Agencies	120.60	123.77	139.81	138.94
Total General Appropriations	1,118.23	1,066.85	1,084.81	1,098.05
Pay Plan Appropriations (HB 13)	0.53	0.75	3.74	5.94
Local Assistance Appropriations				
SB 417 Property Tax Reimbursements (SA)	8.91	7.30	6.08	4.87
HB124 Local Government Entitlements (SA)	88.96	80.40	81.84	83.59
HB124 School Block Grants	66.51	64.13	65.95	66.45
Subtotal Local Assistance	164.38	151.82	153.88	154.91
Statutory Appropriations (excl Local Asst)	51.36	40.72	42.01	42.83
Miscellaneous Appropriations	0.83	0.70	0.25	0.25
Continuing Appropriations	0.71	0.50	-	-
Supplemental Appropriations		15.69	-	-
NonBudgeted Transfers Out	19.09	9.25	14.32	17.37
Legislative Feed Bill (incl CA)	0.86	9.12	-	7.20
Reversions	-	(4.37)	(5.00)	(5.00)
Total Disbursements	1,355.98	1,291.05	1,294.01	1,321.54
Adjustments				
Misc adjustments	1.48			
Ending Balance	81.89	(5.27)	(66.09)	(81.30)
Proposed Legislation Not included above				
Expenditure				
Freeze School Block Grants			0.35	0.69
Halt Nonbudgeted Transfers to DOT			2.96	3.01
Halt Nonbudgeted Transfers Res & Com, Growth-thru-Ag			4.19	4.19
Revenue				
Capture State Fund Excess		9.18	4.30	3.78
Extend Coal, Oil & Gas, Metal Mines reallocations of HB10			4.25	4.00
Oil and Gas Accrual		3.00	-	-
Terminate Telephone Infrastructure Credit			2.00	-
Transfer \$93 million from Permanent Trust to General Fund			93.00	(6.72)
Reallocate 12.5% Coal Tax to TSEP			(0.13)	(0.39)
Ending Balance with Proposed Legislation		6.91	57.01	50.35

Summary of Legislation Listed on Balance Sheet

Postpone growth in school block grants

School block grants established by HB 124 of the 2001 session and HB 18 of the 2002 special session are currently scheduled to be the average of the FY 2002 and FY 2003 block grants plus a 0.76 percent growth rate in each year of the biennium. This legislation postpones the growth in block grants, by holding the average of the FY 2002 and FY 2003 block grants constant through the 2005 biennium and allowing the block grants to resume growth after this biennium.

Halt Nonbudgeted Transfers to Department of Transportation

Temporarily halts transfers to the Department of Transportation to replace lost vehicle revenues established in HB 124 of the 2003 legislature. This action was taken for fiscal year 2003 by the special session of the legislature; this bill will extend the provision thru fiscal year 2005.

Halt Nonbudgeted Transfers to Research and Commercialization and Growth thru Agriculture

Temporarily halts transfers to the Department of Commerce for research and commercialization and reduces by 50 percent the transfer to the Department of Agriculture for growth-thru-agriculture established in HB 1 of the 2000 special session of the legislature. This action was taken for fiscal year 2003 by the special session of the legislature; this bill will extend the provision thru fiscal year 2005.

Capture State Fund Excess

As was initiated in SB 19 of the August special session, transfer excess funds from claims occurring before July 1, 1990 to the general fund from fiscal years 2002 thru 2004.

Extend Coal, Oil & Gas, Metal Mines revenue reallocations proposed in Special Session HB10

The executive proposed in special session to temporarily reallocate a greater share of these revenues to the general fund, sharing the burden of expenditure reductions faced by general fund services with services these funded by state special allocations. With some changes these proposed reallocations were enacted by the legislature for fiscal year 2003. This will extend the proposed reallocations thru fiscal year 2005.

Oil and Gas Accrual

Title 15, MCA, will be changed to simplify the local distribution of oil and natural gas tax revenue. Under current law the state's portion is first collected by the state, then sent to the counties, and eventually returned to the state. The proposal will allow the state to retain the state's portion rather than being routed to the counties and then returned to the state. The state's portion will not increase because of the change, but a timing difference will result in an additional \$3 million accrual for fiscal year 2003. The proposal should result in oil and natural gas revenue being a more stable revenue source for local governments and schools.

Eliminate Telephone Infrastructure Credit

Current law (MCA 15-53-201 through 203) provides a temporary credit against the retail telecommunications excise tax for companies that invest in advanced telecommunications infrastructure. This credit is available only for investments made in fiscal 2004, and the total amount of credits is limited to \$2 million. Repeal of this credit would increase revenue from the retail telecommunications excise tax by \$2 million in fiscal 2004.

Transfer \$93 million from Permanent Trust to General Fund

This transfer would be made at the end of fiscal year 2004 to prevent interest loss in fiscal 2004. Proposed legislation would deposit to the permanent trust any unanticipated increase in general fund balance in each year until the amount transferred has been replaced. Based on recent history the trust fund would be made whole within 6-8 years.

Continue the allocation of 37.5% of coal tax revenues to the Treasure State Endowment Fund

The TSEF is contained within the permanent Coal Tax Trust Fund. It is currently allocated 37.5 percent of the coal tax or 75 percent of the deposits into the coal tax permanent fund. Under current statute, this percentage is scheduled to drop to 25 percent of the coal tax as of July 1, 2003. The proposed legislation will continue the allocation at 37.5 percent of the coal tax.



GENERAL GOVERNMENT AND TRANSPORTATION

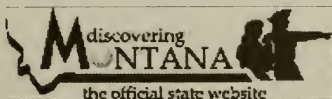
Legislative Branch
Consumer Counsel
Judiciary
Chiropractic Legal Panel
Governor's Office
Secretary of State
Commissioner of Political Practices
State Auditor

Department of Transportation
Department of Revenue
Department of Administration
Appellate Defender Commission
State Compensation Insurance Fund
Public Employees Retirement System
Teachers Retirement System

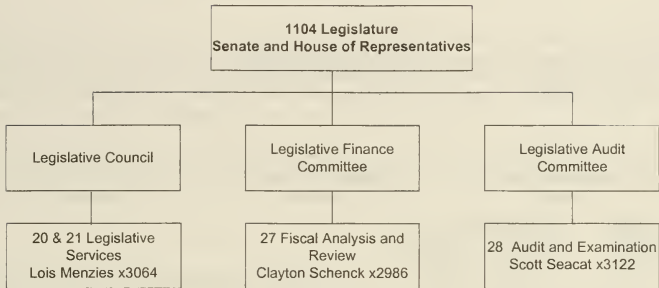
OBPP Staff*

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Kelly Gorin	x3242

*See Reference Page 1 for specific staff assignments



Legislative Branch-1104



Mission Statement - The mission of the Legislature is to exercise the legislative power of state government vested in the Legislature by The Constitution of the State of Montana. The mission of the Legislative Branch, i.e., the consolidated legislative agency, is to provide the administrative structure to support accomplishment of the mission of the Legislature.

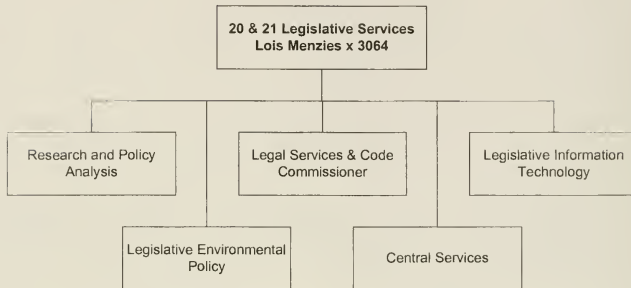
Statutory Authority - Principal statutory authority for the Legislative Services Division is found in Title 1, Chapter 11, and Title 5, Chapters 5 and 11, MCA. Principal statutory authority for the Legislative Fiscal Division is found in The Legislative Finance Act, Title 5, Chapter 12, MCA. The function of the Legislative Audit Division is constitutionally required, with principal statutory authority in The Legislative Audit Act, Title 5, Chapter 13, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	125.27	(1.50)	0.00	123.77	(1.50)	0.00	128.94
Personal Services	6,639,917	1,003,955	26,226	7,670,098	957,977	0	7,597,894
Operating Expenses	3,202,051	373,380	244,619	3,820,050	(607,135)	66,225	2,661,141
Equipment	6,890	13,110	0	20,000	13,110	0	20,000
Total Costs	\$9,848,858	\$1,390,445	\$270,845	\$11,510,148	\$363,952	\$66,225	\$10,279,035
General Fund	7,670,815	1,228,488	270,845	9,170,148	858,516	66,225	8,595,556
State/Other Special	2,178,043	161,957	0	2,340,000	(494,564)	0	1,683,479
Total Funds	\$9,848,858	\$1,390,445	\$270,845	\$11,510,148	\$363,952	\$66,225	\$10,279,035

----- Agency General Fund Target - \$14.18 million -----

The general fund target for the Legislative Branch was calculated in the same manner as all other agency targets. In accordance with 17-7-122, MCA, the Legislative Branch budget request is presented as submitted.

Legislative Branch-1104 Legislative Services-20



Program Description - The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support services to the House, Senate, and other divisions of the Legislative Branch. Division services include: 1) bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills; 2) publication of legislative documents of record; 3) provision of legislative research and reference services; legal counseling on legislative matters and agency legal support; 4) agency management and business services; 5) planning, installation and maintenance of the agency computer network and applications; 6) legislative committee staffing and support; 7) preparation, publication and distribution of the Montana Code Annotated text and annotations; 8) review of the text of proposed ballot measures; 9) broadcasting of legislative activities; and 10) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	49.50	0.00	0.00	49.50	0.00	0.00	54.67
Personal Services	2,680,398	390,048	0	3,070,446	455,038	0	3,135,436
Operating Expenses	2,546,554	6,829	0	2,553,383	(369,157)	66,225	2,243,622
Equipment	6,890	13,110	0	20,000	13,110	0	20,000
Total Costs	\$5,233,842	\$409,987	\$0	\$5,643,829	\$98,991	\$66,225	\$5,399,058
General Fund	4,328,746	377,942	0	4,706,688	625,068	66,225	5,020,039
State/Other Special	905,096	32,045	0	937,141	(526,077)	0	379,019
Total Funds	\$5,233,842	\$409,987	\$0	\$5,643,829	\$98,991	\$66,225	\$5,399,058

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$29,587)	FY04 (\$81,134)
FY05 (\$485,750)	FY05 (\$152,783)

PL - 1 - LSD Biennial Program Operations -

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Services Division budget is presented in annual format for budget review only; the budget will be established as biennial to respond to the need to responsibly manage the branch's cyclical expenditures and revenues.

Legislative Branch-1104

Legislative Services-20

Included in this package are increases from base in staff overtime and temporary services staffing of the bill status system related to the non-base year 2005 legislative session. Significant operational decreases occur in consulting services, travel, and minor equipment, as well as printing, shipping, and credit card and royalty fees related to non-base year reductions in the publication and distribution of the Montana Codes Annotated. Fixed cost expenses, included in statewide present law adjustments, increase \$193,541 over the biennium.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$66,225	FY05	\$66,225

NP- 2 - Connect Legislator Laptop Computers to Network -

The Legislative Branch Computer System Planning Council, established in 5-11-402, MCA, is responsible for developing and maintaining the Legislative Branch computer system plan. Included in the 2005 biennium plan is a proposal requesting funding to connect 75 laptop computers, personally owned by legislators, to the state data network during the 2005 regular legislative session. The proposal totals \$66,225, including funding for contracted support services and monthly network connection fees, and would be a biennial appropriation placed in the first year.

Legislative Branch-1104

Legis. Committees & Activities-21

Program Description - The Legislative Committees and Activities Program processes and monitors the expenditures of various legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include: 1) limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.97	0.00	0.00	0.97	0.00	0.00	0.97
Personal Services	68,842	49,759	26,226	144,827	(68,842)	0	0
Operating Expenses	306,254	328,914	219,619	854,787	(306,254)	0	0
Total Costs	\$375,096	\$378,673	\$245,845	\$999,614	(\$375,096)	\$0	\$0
General Fund	348,012	405,757	245,845	999,614	(348,012)	0	0
State/Other Special	27,084	(27,084)	0	0	(27,084)	0	0
Total Funds	\$375,096	\$378,673	\$245,845	\$999,614	(\$375,096)	\$0	\$0

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$389,290	FY04	\$389,290
FY05	(\$364,382)	FY05	(\$364,382)

PL- 3 - Interim Committee Biennial Operations -

The Legislative Committees & Activities Program supports the activities of temporary and permanent statutory committees, interim committees and interstate organizational participation. The budget is presented as a biennial appropriation in the first year to reflect the biennial nature of legislative operations. The biennial increase above base is approximately \$3,500.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$51,337	FY04	\$51,337
FY05	\$0	FY05	\$0

NP- 4 - Participation, Pacific Northwest Economic Region -

The Pacific Northwest Economic Region (PNWER) is an international organization promoting greater regional collaboration among the states of Alaska, Idaho, Montana, Oregon, and Washington, the provinces of Alberta and British Columbia, and the Yukon Territory. In 2001, the Legislature authorized Montana's membership in the PNWER (Title 5 Chapter 11, part 7). However, no funds were appropriated for payment of Montana's annual membership dues or to allow legislative delegates to participate in PNWER activities. A budget of \$51,337 is proposed to provide funding for Montana's dues of \$32,699 and legislator participation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$10,000	FY04	\$10,000
FY05	\$0	FY05	\$0

NP- 5 - Legislative Council on River Governance -

The Legislative Council on River Governance is comprised of legislators from Montana, Oregon, Idaho, and Washington. The council's mission is to assert state legislative authority over natural resources and river governance issues and to unite states for a proactive agenda of legislative action. In 2001, the Legislature approved a one-time appropriation of \$10,000 for the 2003 biennium for legislator participation in council meetings and activities. This proposal, implemented with a biennial appropriation placed in the first year, includes \$10,000 for legislative participation in council meetings and activities for the 2005 biennium.

Legislative Branch-1104

Legis. Committees & Activities-21

Total Agency Impact

FY04	\$73,880
FY05	\$0

General Fund Total

FY04	\$73,880
FY05	\$0

NP- 6 - Dues, Council of State Governments -

The base budget includes partial funding of Montana's biennial dues in the Council of State Governments (CSG) as approved by the last Legislature. This proposal, implemented with a biennial appropriation placed in the first year, includes \$73,880 for the balance of full biennial dues in the CSG.

Total Agency Impact

FY04	\$110,628
FY05	\$0

General Fund Total

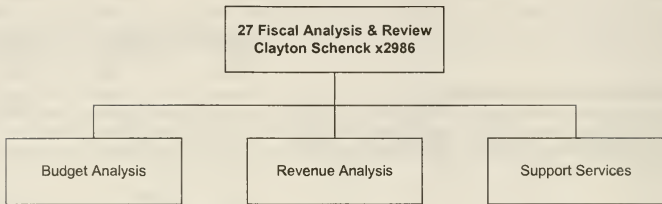
FY04	\$110,628
FY05	\$0

NP- 7 - Participation, NCSL and CSG -

The base budget includes full funding of Montana's biennial membership dues in the National Conference of State Legislatures (NCSL) and partial funding of membership dues in the Council of State Governments (CSG). The current level base budget does not include funds for delegate participation in either organization. This proposal, implemented with a biennial appropriation placed in the first year, includes funding for delegate participation in NCSL and CSG during the 2005 biennium.

Legislative Branch-1104

Fiscal Analysis & Review-27



Program Description - The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include: 1) fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; 2) identification of ways to effect economy and efficiency in state government; 3) estimation of revenue and analysis of tax policy; 4) analysis of the executive budget; 5) compiling and analyzing fiscal information for legislators and legislative committees; and 6) staffing and support for legislative committees, including the preparation and processing of the General Appropriations Act. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	18.80	0.00	0.00	18.80	0.00	0.00	18.80
Personal Services	1,086,713	119,171	0	1,205,884	127,530	0	1,214,243
Operating Expenses	54,418	2,489	0	56,907	40,996	0	95,414
Total Costs	\$1,141,131	\$121,660	\$0	\$1,262,791	\$168,526	\$0	\$1,309,657
General Fund	1,141,131	121,660	0	1,262,791	168,526	0	1,309,657
Total Funds	\$1,141,131	\$121,660	\$0	\$1,262,791	\$168,526	\$0	\$1,309,657

----- Present Law Adjustments -----

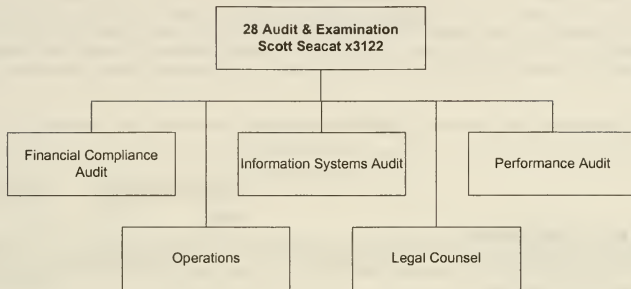
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$45,000	FY05	\$45,000

PL- 8 - LFD Biennial Program Operations -

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Fiscal Division budget is presented in annual format for budget review only; the budget will be established as biennial to respond to the need to responsibly manage the branch's cyclical expenditures and revenues.

Increases in operational costs relate to the non-base year regular legislative session and statewide present law adjustments. The categories affected include staff overtime, temporary services, printing, photocopy pool costs, and office supplies. Substantial printing costs are related to the budget analysis, session publications, budget summary pamphlets, and post-session reports.

Legislative Branch-1104 Audit & Examination-28



Program Description - The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include: 1) conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations; 2) reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and shortages discovered in an audit that are covered by surety; 3) auditing records of entities under contract with the state; and 4) assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government. The Legislative Audit Committee provides policy guidance to the Legislative Audit Division.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	56.00	(1.50)	0.00	\$4.50	(1.50)	0.00	\$4.50
Personal Services	2,803,964	444,977	0	3,248,941	444,251	0	3,248,215
Operating Expenses	294,825	35,148	25,000	354,973	27,280	0	322,105
Total Costs	\$3,098,789	\$480,125	\$25,000	\$3,603,914	\$471,531	\$0	\$3,570,320
General Fund	1,852,926	323,129	25,000	2,201,055	412,934	0	2,265,860
State/Other Special	1,245,863	156,996	0	1,402,859	58,597	0	1,304,460
Total Funds	\$3,098,789	\$480,125	\$25,000	\$3,603,914	\$471,531	\$0	\$3,570,320

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$9,595)	FY04 \$6,705
FY05 (\$22,414)	FY05 (\$8,271)

PL- 9 - LAD Biennial Program Operations -

The Legislative Branch business cycle is biennial, related to the cyclical nature of legislative sessions, production and publication of the Montana Codes Annotated, interim study committees and activities, and biennial audit work. Revenue collections spike and ebb in response to the biennial cycle. The Legislative Audit Division budget is presented in annual format for budget review only; the budget will be established as biennial to respond to the need to responsibly manage the branch's cyclical expenditures and revenues.

Legislative Branch-1104 Audit & Examination-28

Included in the budget request is a 1.5 FTE reduction, resulting from a change in audit approach for the Montana University System. This reduction will not reduce audit services, rather it will save the state money by consolidating the university financial statements. Other changes from base include cyclical costs associated with a biennial independent audit of the legislative branch and audit division, the biennial Peer Review required by Government Auditing Standards, and costs associated with preparation of a branch disaster recovery plan and reactive system development needs.

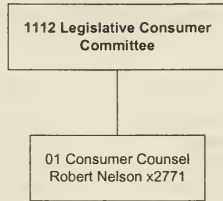
----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,000	FY04	\$25,000
FY05	\$0	FY05	\$0

NP- 10 - Branch EDP Security Review -

This proposal provides funding for costs associated with a one-time only independent electronic data processing (EDP) security review of the Legislative Branch computer environment. A similar proposal brought forward last biennium was eliminated from the program's budget.

Consumer Counsel-1112 Administration Program-01



Mission Statement - To represent the utility and transportation consuming public of the State of Montana in hearings before the Public Service Commission or any other successor agency, and before state and federal courts and administrative agencies.

Statutory Authority - Article XIII, Section 2, Montana Constitution; Title 5, Chapter 15, and Title 69, Chapters 1 and 2, MCA.

Program Description - The Office of the Consumer Counsel was created by Article XIII, Section 2 of the 1972 Montana Constitution. The consumer counsel is charged with the duty of representing consumer interests in hearings before the Public Service Commission or any other successor agency. The agency also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and proceedings before federal administrative agencies on behalf of the public of Montana.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.04	0.00	0.00	5.04	0.00	0.00	5.04
Personal Services	366,805	37,264	0	404,069	37,261	0	404,066
Operating Expenses	655,729	150,885	0	806,614	158,476	0	814,205
Total Costs	\$1,022,534	\$188,149	\$0	\$1,210,683	\$195,737	\$0	\$1,218,271
State/Other Special	1,022,534	188,149	0	1,210,683	195,737	0	1,218,271
Total Funds	\$1,022,534	\$188,149	\$0	\$1,210,683	\$195,737	\$0	\$1,218,271

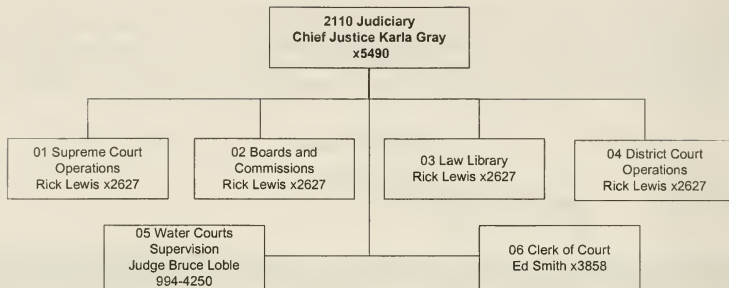
----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$150,103	FY04	\$0
FY05	\$157,117	FY05	\$0

PL- 1 - Present Law Base Adjustments -

The budget includes \$125,000 contingency each year of the 2005 biennium for costs associated with unanticipated caseload, consistent with appropriations in prior biennia. The remaining adjustments are attributed to contract amounts and anticipated workload.

Judiciary-2110



Mission Statement - The jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all Montana courts, and rule making for those courts.

Statutory Authority - Article III, Section 1, and Article VII, Montana Constitution; Title 3, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	357.43	0.00	16.00	373.43	0.00	16.00	373.43
Personal Services	8,364,385	11,877,687	656,641	20,898,713	11,851,000	659,694	20,875,079
Operating Expenses	1,744,876	7,750,231	668,460	8,638,262	638,852	8,650,964	11,021,990
Equipment	329,311	0	0	329,311	0	0	329,311
Grants	0	0	480,849	480,849	0	480,849	480,849
Total Costs	\$10,438,572	\$19,627,918	\$1,805,950	\$31,872,440	\$20,489,262	\$1,779,395	\$32,707,229
General Fund	9,354,970	19,508,432	(25,000)	28,838,402	20,367,446	(25,000)	29,697,416
State/Other Special	710,015	175,997	1,757,342	2,643,354	178,761	1,731,019	2,619,795
Federal Special	373,587	(56,511)	73,608	390,684	(56,945)	73,376	390,018
Total Funds	\$10,438,572	\$19,627,918	\$1,805,950	\$31,872,440	\$20,489,262	\$1,779,395	\$32,707,229

----- Judiciary General Fund Target - \$58.53 million -----

The Judicial branch budget request is presented in the Table A-1 below in accordance 17-7-122(3), MCA, which states: "Judicial branch request must be included in the budget submitted by the governor, but expenditures above the current level funding need not be part of the balanced financial plan pursuant to 17-7-123, MCA."

Judiciary-2110

Table A-1
Judicial Branch Budget Request Compared to Executive Recommended Budget

BIENNIAL AMOUNTS FY 2004 & FY 2005				
	Branch	OBPP	OBPP Over/(Under)	
<u>Branch Wide</u>	<u>Submission</u>	<u>Recommended</u>	<u>Submission</u>	
FTE	378.68	373.43	(5.25)	
Personal Services	\$ 42,276,356	\$ 41,773,792	\$ (502,564)	
Operating Costs	38,954,414	21,183,611	(17,770,803)	
Equipment	658,622	658,622	-	
Grants	961,698	961,698	-	
TOTAL	<u>\$ 82,851,090</u>	<u>\$ 64,577,723</u>	<u>\$ (18,273,367)</u>	
<u>Funding</u>				
General Fund	76,880,411	58,533,872	\$ (18,346,539)	
State/Other Special	5,189,977	5,263,149	73,172	
Federal	780,702	780,702	-	
TOTAL	<u>\$ 82,851,090</u>	<u>\$ 64,577,723</u>	<u>\$ (18,273,367)</u>	
ITEMS NOT RECOMMENDED				
AMOUNTS NOT RECOMMENDED TO BE FUNDED				
	<u>FTE</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>TOTAL REDUCTION</u>
Branch Reductions/Funding Switches		\$ 119,336	\$ 119,336	\$ 238,672
Adjustments to fixed costs		96,206	102,466	198,672
Roving Law Clerks	3.00	165,048	164,511	329,559
Court Admin. FTE	2.25	92,978	92,812	185,790
Clerk of Court Postage		111	111	222
DC Operations & Assumption	-	8,082,366	9,238,086	17,320,452
TOTAL	<u>5.25</u>	<u>\$ 8,556,045</u>	<u>\$ 9,717,322</u>	<u>\$ 18,273,367</u>

The Judicial Branch requested a 2005 biennium budget of \$82,851,090 including \$76,880,411 general fund. The executive budget recommends funding a 2005 biennium budget of \$64,577,723 including \$58,533,872 general fund for a difference of \$18,346,539 general fund. However, \$17,211,828 of the general fund difference is composed of projections on the new variable costs for District Court Assumption that will be addressed in separate legislation. Each of the items not recommended to be funded is described below.

Branch Reductions/Funding Switches -

The branch withdrew or determined alternative funding sources for \$348,116 of budget requests in an attempt to achieve general fund budget targets established by the OBPP. Total reductions amount to \$238,672. Reductions include \$202,400 of general fund for phone upgrades (\$2400), Judicial Standards Commission (\$80,000), shelving for the Law Library (\$120,000), and \$36,272 in state special funds for the Water Courts personal services. Fund switches from general fund to state special funds amount to \$109,444 for computer replacements (\$59,444) and Courts of Limited Jurisdiction Training (\$50,000).

Judiciary-2110

Adjustments to Fixed Costs -

Most fixed costs, such as utilities and insurance, have projected increases in the 2005 biennium. The Judiciary over-budgeted for these in the original submission, so the amounts listed here reflect the necessary adjustments. (The fixed costs adjustments in program 4, District Courts, are included in the amount listed under DC Operations and Assumption.)

Roving Law Clerks -

This proposal would provide funding for the continuation of three law clerks for the Supreme Court Justices. The branch requested seven law clerks in the 2001 session and was granted three, with the caveat that they would be re-considered by the 2003 Legislature.

Court Administrative FTE -

This proposal would fund 2.25 FTE, including 1.00 FTE accounting technician to process district court expenses and 1.25 FTE to replace 1.25 FTE that are currently filled, but whose statutory authority was eliminated with the passage of SB 176.

Clerk of Court Postage -

Included in a Clerk of Court decision package for increases in operating authority was an amount for increased postage costs. This amount is not recommended to be funded because the OBPP already applied an inflationary factor to base year postage expenditures.

District Court Operations and Assumption -

District Court Operations refers to the 8.50 FTE authorized by 2003 Legislature for the Administration of DC Assumption, their associated personal services and operating costs, and the 42 District Court judges' salaries.

District Court Assumption refers to the personal services costs for all FTE and associated operating costs included in District Court Assumption as outlined in SB 176. This includes the operating costs of the District Court judges. A bill will be introduced at the request of the OBPP to deal with the variable costs, such as indigent defense, that are projected to be in excess of the funding mechanism provided for District Court Assumption. In the current fiscal year, those excess costs are the responsibility of the counties.

Table A-2			
Biennial Budget Comparison FY 2004 & FY 2005			
	Branch Submission	OBPP Funded	OBPP Over/(Under) Submission
District Court Operations	\$ 12,578,042	\$ 12,317,923	\$ (260,119)
District Court Assumption	54,371,953	37,311,620	(17,060,333)
Total State DC Costs	\$ 66,949,995	\$ 49,629,543	\$ (17,320,452)

Included in the OBPP funded amounts are adjustments to DC Operations and DC Assumption that moved FTE between these subprograms. These adjustments were not included in the branch submission. This change allowed for delineation between the two definitions of DC Operations and DC Assumption above. This adjustment changed the FTE and amount budgeted between DC Operations and DC Assumption, but did not change the number of FTE or total budget for Program 4, District Courts. These changes account for the disparities between the \$17,060,333 figure above, which represents the difference in the branch submission versus OBPP funded amount above in DC Assumption, as compared to the \$17,211,828 difference between the projected variable costs for DC Assumption versus the funded amount in NP-8002 in program 04.

Judiciary-2110

Table A-3
Total Recommended District Court Budget by Year

	<u>FY 2004</u>	<u>FY 2005</u>	<u>Biennial Total</u>
District Court Operations			
FTE	50.50	50.50	
Personal Services	5,693,730	5,676,902	11,370,632
Operating Costs	<u>472,386</u>	<u>474,905</u>	<u>947,291</u>
DC Operations Total	<u>\$ 6,166,116</u>	<u>\$ 6,151,807</u>	<u>\$ 12,317,923</u>
District Court Assumption			
FTE	245.18	245.18	
Personal Services	10,778,617	10,768,670	21,547,287
Operating Costs	<u>7,434,309</u>	<u>8,330,024</u>	<u>15,764,333</u>
DC Assumption Total	<u>\$ 18,212,926</u>	<u>\$ 19,098,694</u>	<u>\$ 37,311,620</u>
Total State DC Program			
FTE	295.68	295.68	
Personal Services	16,472,347	16,445,572	32,917,919
Operating Costs	<u>7,906,695</u>	<u>8,804,929</u>	<u>16,711,624</u>
Total Combined State DC Program	<u>\$ 24,379,042</u>	<u>\$ 25,250,501</u>	<u>\$ 49,629,543</u>

Judiciary-2110 Supreme Court Operations-01

01 Supreme Court Operations
Rick Lewis x2627

Program Description -

The Supreme Court has appellate jurisdiction for the State of Montana. It has original jurisdiction to issue, hear, and determine writs of habeas corpus and other such writs as may be provided by law. It also has general supervisory control over all other courts in the state. The Supreme Court is charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, admission to the bar, and the conduct of its members. The Supreme Court consists of a Chief Justice and six justices. SB 176, approved by the 57th Legislature, mandated state funding of Montana District Courts with general fund revenue. The change to state funding made District Courts part of the Judicial Branch of state government and made the Supreme Court responsible for the management of District Court costs and operations. The Supreme Court also administers the local citizen review board program for foster care placements, the federal court assessment program, and the court-appointed special advocate program.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	34.75	0.00	16.00	50.75	0.00	16.00	50.75
Personal Services	2,419,693	(52,538)	671,641	3,038,796	(56,837)	674,694	3,037,550
Operating Expenses	950,362	204,279	668,460	1,823,101	193,964	638,852	1,783,178
Equipment	0	0	0	0	0	0	0
Grants	0	0	480,849	480,849	0	480,849	480,849
Total Costs	\$3,370,055	\$151,741	\$1,820,950	\$5,342,746	\$137,127	\$1,794,395	\$5,301,577
General Fund	2,941,468	113,252	0	3,054,720	99,072	0	3,040,540
State/Other Special	55,000	95,000	1,747,342	1,897,342	95,000	1,721,019	1,871,019
Federal Special	373,587	(56,511)	73,608	390,684	(56,945)	73,376	390,018
Total Funds	\$3,370,055	\$151,741	\$1,820,950	\$5,342,746	\$137,127	\$1,794,395	\$5,301,577

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$7,703	FY04 \$7,703
FY05 \$7,703	FY05 \$7,703

PL- 1001 - Pay Plan Implementation -

The District Court assumption bill directed the Judicial Branch to develop and implement a branch-wide classification and compensation plan by July 1, 2003. The National Center for State Courts, following extensive review, recommended a classification and pay plan, which was approved by the Montana Supreme Court in June 2002. The plan established a grade system with a minimum and maximum pay rate for each pay grade. The pay rates are based in large part on the Executive Branch pay plan. Employees were placed on the system at their county rate of pay. Starting in July 2003, employees above the maximum rate will be frozen until the pay matrix moves enough to "catch-up" with these employees. In Program 01, there are currently two employees below the minimum rate. In order to implement the plan, these employees must be moved to the minimum pay rate for the assigned grade.

Judiciary-2110

Supreme Court Operations-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$95,000	FY04 \$0
FY05	\$95,000	FY05 \$0

PL- 1003 - Legal Assistance for Domestic Violence Victims -

This request asks for a state special revenue appropriation for funds distributed from the marriage dissolution fee at the level of estimated revenues collected. The 1999 Legislature established this fee to provide legal assistance to indigent victims of domestic abuse.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$43,618	FY04 \$0
FY05	\$43,473	FY05 \$0

NP- 1101 - Grant Manager -

The Judiciary Branch is requesting 1.00 FTE grant funds manager to be responsible for developing a system to track all grant applications and awards, including managing the funds and preparing required financial and narrative reports. This position will be key to acquiring additional grant funding and to ensuring that funds received are spent within grant guidelines.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$29,990	FY04 \$0
FY05	\$29,903	FY05 \$0

NP- 1103 - Court Assessment Program -

This proposal requests 1.00 FTE and federal funding of \$29,990 in FY 2004 and \$29,903 in FY 2005 to continue the evaluation and improvement of how the judicial system handles child abuse and neglect proceedings. The 1997 Legislature originally authorized this program and the federal government has continued to extend funding.

----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$1,717,620	FY04 \$0
FY05	\$1,691,297	FY05 \$0

NP- 8001 - Judicial Branch Information Technology -

The Judiciary requests approximately \$3.4 million state special revenue funding for the 2005 biennium to provide for branch-wide information technology needs. The existing automation program is scheduled to sunset June 30, 2003. LC 167 would repeal the sunset and increase the surcharge from five to ten dollars. The current charge generates revenues of approximately \$1 million per year. Doubling the surcharge would generate enough revenue to offset the request of \$3.4 million over the biennium. This decision package is based on passage and approval of LC 167.

This proposal includes funding to provide 14.00 IT staff, related start-up and operating costs, and replacement equipment. The following table summarizes the branch IT request:

The existing (until 6/30/03) automation program provides system support, training, workstations, file servers, connectivity, and software to all Montana (MT) courts. The current IT environment includes two software applications used in MT courts. First, the Judicial Case Management System (JCMS) is an application developed by the Office of the Court Administrator (OCA) and is the primary product used by District Courts and District Court Clerks to capture and report information, manage cases, and collect and distribute money related to district court operations. The second program supported by the IT division is "Full Court." Full Court is a program licensed from Justice Systems Incorporated that provides case management functionality to the limited jurisdiction courts. Overall, the IT division uses available resources to provide the above described services and equipment to almost 1,000 state and county and city staff across the state.

Judiciary-2110
Supreme Court Operations-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$29,722	FY04	\$0
FY05	\$29,722	FY05	\$0

NP- 8003 - Computer Replacement -

This request is for computer replacement on a four-year replacement cycle. There are 88 devices with 25 percent or 22 machines being replaced each year of the biennium. These machines are for the Clerk of Court, Law Library, Supreme Court Justices and Court Administration personnel. This proposal is funded with a continuation of information technology surcharge funds, which are scheduled to sunset but recommended to be ongoing contingent on passage and approval of LC 167.

Judiciary-2110 Boards And Commissions-02

02 Boards and Commissions
Rick Lewis x 2627

Program Description - The Boards and Commissions Program oversees functions assigned to the Supreme Court either by legislative or constitutional mandate. The program manages judicial discipline, rules, and other substantive matters aimed at improving and maintaining the administration of justice. Commissions and boards included in the program are the Judicial Standards Commission; Sentence Review Division; Commission on Practice; Commission on Courts of Limited Jurisdiction; and the Judicial Nominations Commission.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	3.00	0.00	0.00	3.00	0.00	0.00	3.00
Personal Services	79,475	34,495	0	113,970	34,434	0	113,909
Operating Expenses	169,218	941	0	170,159	1,015	0	170,233
Total Costs	\$248,693	\$35,436	\$0	\$284,129	\$35,449	\$0	\$284,142
General Fund	248,693	35,436	(25,000)	259,129	35,449	(25,000)	259,142
State/Other Special	0	0	25,000	25,000	0	25,000	25,000
Total Funds	\$248,693	\$35,436	\$0	\$284,129	\$35,449	\$0	\$284,142

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 (\$25,000)
FY05 \$0	FY05 (\$25,000)

NP- 2101 - Courts of Limited Jurisdiction Funding Switch -

This proposal requests \$25,000 state special revenue each year to replace current general fund used to provide training for judges of courts of limited jurisdiction. Class registration fees will provide the source of state special revenue.

Judiciary-2110 Law Library-03

03 Law Library
Judith Meadows x3660

Program Description - The State Law Library houses reference materials used by the Supreme Court, lower courts, the Legislature, state officers and employees, members of the bar, and the general public. The collection includes legal materials from the federal government and all 50 states, as well as Canada. Some of the books and materials contained in the library include treatises, law reviews, reports, microfilm, and audio/video tapes for continuing legal education. Access to much of the information also is provided from the library's Internet site. The State Law Library is governed by a Board of Trustees which consists of the Supreme Court justices.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	7.50	0.00	0.00	7.50	0.00	0.00	7.50
Personal Services	325,725	(11,308)	0	314,417	(9,497)	0	316,228
Operating Expenses	128,123	698	0	128,821	709	0	128,832
Equipment	329,311	0	0	329,311	0	0	329,311
Total Costs	\$783,159	(\$10,610)	\$0	\$772,549	(\$8,788)	\$0	\$774,371
General Fund	783,159	(10,610)	0	772,549	(8,788)	0	774,371
Total Funds	\$783,159	(\$10,610)	\$0	\$772,549	(\$8,788)	\$0	\$774,371

Please note that a HB 576 section exists for this program.

Judiciary-2110

District Court Operations-04

04 District Court Operations
Rick Lewis x2627

Program Description - District Court costs are funded by state general fund according to SB 176 approved by the 57th Legislature. The bill made the Supreme Court responsible for the management of all District Court costs and operational activities. District courts are general jurisdiction trial courts having original jurisdiction in all criminal felony cases, civil matters, and cases of law.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	295.68	0.00	0.00	295.68	0.00	0.00	295.68
Personal Services	4,720,728	11,751,619	0	16,472,347	11,724,844	0	16,445,572
Operating Expenses	365,438	7,541,257	0	7,906,695	8,439,491	0	8,804,929
Total Costs	\$5,086,166	\$19,292,876	\$0	\$24,379,042	\$20,164,335	\$0	\$25,250,501
General Fund	5,086,166	19,292,876	0	24,379,042	20,164,335	0	25,250,501
Total Funds	\$5,086,166	\$19,292,876	\$0	\$24,379,042	\$20,164,335	\$0	\$25,250,501

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$70,296	FY04	\$70,296
FY05	\$70,296	FY05	\$70,296

PL- 4001 - Pay Plan Implementation -

The District Court assumption bill directed the Judicial Branch to develop and implement a branch wide classification and compensation plan by July 1, 2003. The National Center for State Courts, following extensive review, recommended a classification and pay plan, which was approved by the Montana Supreme Court in June 2002. The plan established a grade system with a minimum and maximum pay rate for each pay grade. The pay rates are based in large part on the Executive Branch pay plan. Employees were placed on the system at their county rate of pay. Starting in July 2003, employees above the maximum rate will be frozen until the pay matrix moves enough to "catch-up" with these employees. In Program 04 there are 23 employees currently below the minimum rate. In order to implement the plan, these employees must be moved to the minimum pay rate for the assigned grade.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$106,123	FY04	\$106,123
FY05	\$108,245	FY05	\$108,245

PL- 4002 - Federal Building Rent -

The branch was authorized 8.50 FTE in the 2003 biennium for the administration of state assumption of district courts. The department of administration located office space in the federal building for these FTE. The associated rent is \$106,123 in FY 2004 and \$108,245 in FY 2005.

Judiciary-2110 District Court Operations-04

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$44,600	FY04	\$44,600
FY05	\$44,600	FY05	\$44,600

PL- 4003 - Annualize Operating Costs for New Judges -

This proposal annualizes the operating costs for the two judges taking office January 1, 2003, in Ravalli County and Cascade County. The request for \$44,600 per year includes funding for supplies, telephone, postage, and legal research for two judges and six staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,116,397	FY04	\$7,116,397
FY05	\$8,012,112	FY05	\$8,012,112

PL- 4004 - State District Court Costs -

The Fifty-seventh Legislature authorized SB 176 to provide for the state assumption of District Courts. As directed in SB 176, sizeable district court expenses are reported and paid in the following expenditure categories: court reporters; jury services; witness services; psychiatric examinations; indigent defense; CASA/GALs; youth court/juvenile probation; and youth in need of care. The executive projects the base costs for these items will be the amounts stated above.

----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$0	FY05	\$0

NP- 8002 - State District Court Costs -

The Fifty-seventh Legislature authorized SB 176 to provide for the state assumption of District Courts. As directed in SB 176, sizeable district court expenses are reported and paid in the following expenditure categories: court reporters; jury services; witness services; psychiatric examinations; indigent defense; CASA/GALs; youth court/juvenile probation; and youth in need of care.

In FY 2003, current statute allows for the counties to take responsibility for the costs outlined above that exceed the FY 2003 appropriation to the Judiciary for variable costs. This is scheduled to sunset June 30, 2003, which after this time will be the state's responsibility. A bill will be introduced at the request of the OBPP to sort out responsibilities for the variable cost that are projected to be in excess of the funding mechanism provided for in the District Court assumption. These costs are projected to be about \$17.2 million above the funding provided in SB176. It will be important to determine which entity is responsible for creating and managing the service, controlling the cost of each item, and paying for each item.

Judiciary-2110 Water Courts Supervision-05

05 Water Courts Supervision
Judge Bruce Loble x586-4364

Program Description - The Water Courts Supervision Program, located in Bozeman, adjudicates claims of existing water rights in Montana and supervises the distribution of water among the four water divisions of the state, as defined in 3-7-102, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	11.00	0.00	0.00	11.00	0.00	0.00	11.00
Personal Services	560,972	81,897	(15,000)	627,869	84,634	(15,000)	630,606
Operating Expenses	94,043	(900)	0	93,143	(873)	0	93,170
Total Costs	\$655,015	\$80,997	(\$15,000)	\$721,012	\$83,761	(\$15,000)	\$723,776
State/Other Special	655,015	80,997	(15,000)	721,012	83,761	(15,000)	723,776
Total Funds	\$655,015	\$80,997	(\$15,000)	\$721,012	\$83,761	(\$15,000)	\$723,776

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$15,000)	FY04 \$0
FY05 (\$15,000)	FY05 \$0

NP- 5101 - Reduce Water Courts Personal Services -

The Water Court is currently funded from the RIT renewable resource account (02272), which has declining revenues and is used to fund programs within several agencies. The requested expenditures drove the fund balance negative. To scale back expenditures, but not disrupt normal operations, the court will reduce personal services adjusted base by \$15,000 per year in the 2005 biennium.

Judiciary-2110 Clerk Of Court-06

**06 Clerk of Court
Ed Smith x3858**

Program Description - The Clerk of Court Program performs support and operational duties for the Supreme Court, as outlined in Title 3, Chapter 2, part 4, MCA. The program keeps the court records and files, issues writs and certificates, approves bonds, files all papers and transcripts, and performs other duties as required.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.50	0.00	0.00	5.50	0.00	0.00	5.50
Personal Services	257,792	73,522	0	331,314	73,422	0	331,214
Operating Expenses	37,692	3,956	0	41,648	3,956	0	41,648
Total Costs	\$295,484	\$77,478	\$0	\$372,962	\$77,378	\$0	\$372,862
General Fund	295,484	77,478	0	372,962	77,378	0	372,862
Total Funds	\$295,484	\$77,748	\$0	\$372,962	\$77,378	\$0	\$372,862

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$2,175	FY04 \$2,175
FY05	\$2,175	FY05 \$2,175

PL- 6001 - Records Storage and Telephone Equipment -

By law (3-2-402, mca), the Clerk of the Supreme Court is responsible for the retention of Supreme Court records. At the end of June, 2002, the clerk's vault reached its capacity, resulting in the necessity to transfer closed cases from the years 1999 and 2000 to records management under the Secretary of State. In terms of storage space, the clerk fills approximately 100 record retention boxes of closed case files each calendar year. In addition to caseload storage, the clerk also has reached storage capacity for original Supreme Court opinions, which will also need to be archived. The clerk estimates that with the current storage backlog and what will accrue over the next biennium, the office will incur the need to store approximately 550 boxes of information at the records management facility at a charge of \$3.54 per box per year or \$1,947 each year of the biennium.

The Clerk acquired an additional telephone for the FTE approved by the 2001 Legislature. The equipment was not added until FY 2003 so there are no base year expenditures. The telephone adds an additional operations cost of \$19 per month. Accordingly, the Clerk requests \$228 in each fiscal year of the biennium to cover the telephone charge.

Mt Chiropractic Legal Panel-2115

Legal Panel Operations-01

**2115 Montana Chiropractic
Legal Panel
Mary Lou Garrett 442-7275**

01 Legal Panel Operations

Mission Statement - To review potential malpractice claims against chiropractic physicians in order to prevent, if possible, filed court actions for professional liability in which the facts do not permit at least a reasonable inference of malpractice.

Statutory Authority - Title 27, Chapter 12, MCA.

Program Description - The Montana Chiropractic Legal Panel reviews all malpractice claims or potential claims against chiropractic physicians to: a) prevent, when possible, filed court actions against chiropractic physicians for professional liability in situations where the facts do not permit at least a reasonable inference of malpractice; and b) make possible the fair and equitable disposition of such claims against chiropractic physicians that are or reasonably may be well founded (Title 27, Chapter 12, MCA). A panel, consisting of three chiropractic physicians licensed in Montana and three attorneys who are members of the State Bar Association of Montana, is appointed to review each malpractice claim or potential claim. The panel is managed by a director appointed by the executive director of the Montana Chiropractic Association.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	3,776	11,224	0	15,000	11,224	0	15,000
Total Costs	\$3,776	\$11,224	\$0	\$15,000	\$11,224	\$0	\$15,000
State/Other Special	3,776	11,224	0	15,000	11,224	0	15,000
Total Funds	\$3,776	\$11,224	\$0	\$15,000	\$11,224	\$0	\$15,000

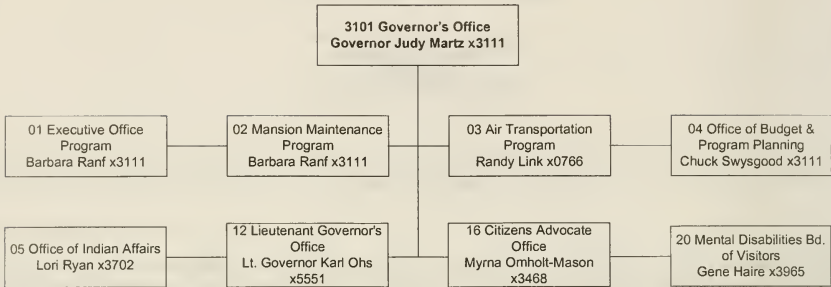
----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$10,975	FY04	\$0
FY05	\$10,972	FY05	\$0

PL - 1 - Operating Adjustment -

All panel functions are conducted through consulting and other professional services. The panel is requesting an increase for consulting and professional services, travel, and audit fees in anticipation of increased activity. Activity depends on the number of cases filed, which cannot always be predicted.

Governors Office-3101



Mission Statement - To oversee and direct the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates, in a manner that provides necessary and affordable services to the citizens of Montana.

Statutory Authority - Primary authority is Article VI, Montana Constitution

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	57.00	0.00	0.00	57.00	0.00	0.00	57.00
Personal Services	2,790,161	307,217	4,713	3,102,091	300,080	4,264	3,094,505
Operating Expenses	1,549,903	2,092,000	294,196	3,950,007	43,589	308,604	1,888,187
Total Costs	\$4,340,064	\$2,399,217	\$298,909	\$7,052,098	\$343,669	\$312,868	\$4,982,692
General Fund	4,046,816	361,663	(66,838)	4,341,641	298,216	(66,981)	4,278,051
State/Other Special	247,969	35,984	302,152	600,013	43,889	316,265	594,214
Federal Special	45,279	2,001,570	63,595	2,110,444	1,564	63,584	110,427
Total Funds	\$4,340,064	\$2,399,217	\$298,909	\$7,052,098	\$343,669	\$312,868	\$4,982,692

----- Agency General Fund Target - \$8.12 million -----

Steps outside of HB 2 required to meet the target:

Total Agency Impact		General Fund Total	
FY04	(\$175,000)	FY04	(\$175,000)
FY05	(\$175,000)	FY05	(\$175,000)

NP- 8109 – Economic Development Statutory Elimination –

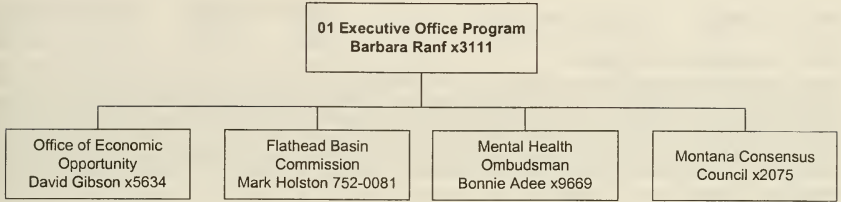
This request eliminates the remaining statutory appropriation to the Office of Economic Development. The August 2002 special session reduced the appropriation to \$175,000 per year general fund. This decision package is contingent upon passage and approval of a bill.

Total Agency Impact		General Fund Total	
FY04	(\$153,000)	FY04	(\$153,000)
FY05	\$0	FY05	\$0

NP- 8503 – Economic Development Transfer to General Fund –

A transfer of approximately \$153,000 of unspent State-Tribal Economic Development Commission general fund back to the general fund is recommended. This decision package is contingent upon passage and approval of a bill.

Governors Office-3101 Executive Office Program-01



Program Description - The Executive Office Program aids the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, and press support and provides centralized services for the Office of the Governor. The Executive Office Program also administers programs with special impact on the citizens and governmental concerns of Montana. Special programs include the Office of Economic Opportunity, which was created to strengthen the foundations of the state's business environment and diversify and expand existing economic endeavors to achieve long-term economic stability, the Flathead Basin Commission, and the Montana Consensus Council.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	27.50	0.00	0.00	27.50	0.00	0.00	27.50
Personal Services	1,367,624	147,331	32,704	1,547,659	143,523	32,572	1,543,719
Operating Expenses	1,076,617	80,025	284,523	1,455,073	31,773	298,931	1,393,412
Total Costs	\$2,444,241	\$227,356	\$317,227	\$3,002,732	\$175,296	\$331,503	\$2,937,131
General Fund	2,198,563	173,232	(23,520)	2,348,275	113,273	(23,346)	2,288,490
State/Other Special	215,398	52,555	277,152	559,013	60,460	291,265	553,214
Federal Special	30,280	1,569	63,595	95,444	1,563	63,584	95,427
Total Funds	\$2,444,241	\$227,356	\$317,227	\$3,002,732	\$175,296	\$331,503	\$2,937,131

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$0	FY04	\$0
FY05	\$5,000	FY05	\$0

PL- 102 – Flathead Basin Commission Biennial Report –

The Flathead Basin Commission is required by law to submit a biennial report to the Legislature. This cost always appears in a non-base year of the biennium, so it must be added as a decision package in the second year of each biennium.

Governors Office-3101

Executive Office Program-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$29,455	FY04	\$28,104
FY05	\$1,767	FY05	(\$2,286)

PL- 111 – Replacement Computers –

Some computers need to be replaced according to the state standard approved four-year replacement cycle. In the Executive Office, the budget for FY 2004 includes a new server and tape backup, which will be used by the entire Governor's Office. Related decision packages in the OBPP (program 4) and Mental Disabilities Board of Visitors (program 20) reduce all general fund budgets for this account to zero. This PL-111 in the Executive Office will consolidate the general fund budget for the PC replacement cycle for all programs in the agency to create more efficient management. Though the requested budget for replacement computers in program 1 is increasing, as compared to base year 2002 expenditures the general fund budget for computers in the entire agency is being reduced by \$22,302 for the biennium.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$130,000	FY04	\$130,000
FY05	\$130,000	FY05	\$130,000

NP- 101 - Executive Protection Contract -

It is requested that the contract with the Department of Justice to provide executive protection for Governor be continued.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$125,000	FY04	\$0
FY05	\$125,000	FY05	\$0

NP- 103 - Flathead Basin State Special Revenue -

During the 2003 biennium, the Flathead Basin Commission received various small contracts and grants with other agencies, primarily DEQ and DNRC, to do work related to water quality in the Flathead Basin. Spending authority for these grants and contracts was obtained through administrative appropriations. In order to minimize paperwork and simplify management of the grants and contracts, the Governor's Office requests state special revenue spending authority in the budget at the same level as the current biennium. Should the grants or contracts not continue, the spending authority could not be used.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$115,660	FY04	\$0
FY05	\$115,926	FY05	\$0

NP- 104 - Economic Development State Special Revenue Authorization-

During the 2005 Biennium, the Office of Economic Development has received contracts from other state agencies. In order to spend these funds, the Governor's Office has obtained administrative appropriations and obtained a modified FTE through the AAs. This request would establish the same level of spending authority in the 2005 biennium. If the funding does not materialize, the appropriation could not be used.

Governors Office-3101

Executive Office Program-01

Total Agency Impact

FY04 (\$13,908)

FY05 (\$13,909)

General Fund Total

FY04 \$0

FY05 \$0

NP- 110 - Reduce FBC Funding from Renewable Resources-

The Flathead Basin Commission (FBC) is funded with \$117,837 from Renewable Resources state special revenue fund (02272). \$111,486 is in the adjusted base for FBC from Renewable Resources, with additional amounts of \$6,351 requested in two decision packages. Revenues to Renewable Resources from the Resource Indemnity Trust fund are insufficient to fund all of the currently funded programs in various agencies. This reduction to meet a biennial amount of \$90,020 for FBC from Renewable Resources is required to give the Renewable Resource fund a positive ending fund balance.

Total Agency Impact

FY04 (\$39,525)

FY05 (\$39,423)

General Fund Total

FY04 (\$39,525)

FY05 (\$39,423)

NP- 7106 - Eliminate 1.00 FTE -

Eliminate 1.00 FTE in the Office of Economic Opportunity.

Total Agency Impact

FY04 \$0

FY05 \$0

General Fund Total

FY04 (\$50,400)

FY05 (\$50,339)

NP- 7107 - Consensus Council Fund Switch -

This decision package removes the general fund support from the Consensus Council and replaces it with a like amount of state special revenue authority. The request will require the program to become self-supporting. The reduction in general fund is \$50,400 in FY 2004 and \$50,399 in FY 2005.

----- Other Legislation Required to Implement HB 2 -----

Total Agency Impact

FY04 \$0

FY05 \$0

General Fund Total

FY04 (\$63,595)

FY05 (\$63,584)

NP- 8108 - Managed Care Ombudsman Fund Switch -

Revise the Managed Care Ombudsman to be a discretionary appointment by the Governor. It is recommended that general fund be eliminated, but the federal authority be retained, for a general fund savings of \$127,179 for the biennium. This decision package is contingent upon passage and approval of a bill.

Language Recommendations – “The legislature recognizes that the cost for extradition and transportation of prisoners is dependent upon factors beyond the control of the agency and may exceed the appropriation provided. In that event, the agency will need to request a supplemental appropriation from the 2005 legislature to provide required extradition and transportation of prisoners.”

Governors Office-3101 Mansion Maintenance Program-02

**02 Mansion Maintenance
Program
Barbara Ranf x3111**

Program Description - The Mansion Maintenance Program maintains the Governor's official residence.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50
Personal Services	48,631	88	0	48,719	(15)	0	48,616
Operating Expenses	31,014	(212)	0	30,802	(126)	0	30,888
Total Costs	\$79,645	(\$124)	\$0	\$79,521	(\$141)	\$0	\$79,504
General Fund	79,645	(124)	0	79,521	(141)	0	79,504
Total Funds	\$79,645	(\$124)	\$0	\$79,521	(\$141)	\$0	\$79,504

Governors Office-3101

Air Transportation Program-03

03 Air Transportation Program
Randy Link x0766

Program Description - The Air Transportation Program provides the Governor with air transportation.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1.00	0.00	0.00	1.00	0.00	0.00	1.00
Personal Services	54,023	(1,926)	0	52,097	(1,928)	0	52,095
Operating Expenses	133,847	7,936	25,000	166,783	10,058	25,000	168,905
Total Costs	\$187,870	\$6,010	\$25,000	\$218,880	\$8,130	\$25,000	\$221,000
General Fund	171,870	6,010	0	177,880	8,130	0	180,000
State/Other Special	16,000	0	25,000	41,000	0	25,000	41,000
Total Funds	\$187,870	\$6,010	\$25,000	\$218,880	\$8,130	\$25,000	\$221,000

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,000	FY04	\$0
FY05	\$25,000	FY05	\$0

NP- 301 - Airplane State Special Revenue Authority -

The Air Transportation program provides air travel for the Governor. The aircraft is available to other state agencies and the Governor's Office bills these other agencies on an hourly basis for their use of the airplane. The purpose of this request is to establish adequate appropriation authority to spend the funds recovered from other state agencies in order to allow for maximum, efficient use of the aircraft.

Governors Office-3101

Office Of Bdget & Pgm Planning-04

04 Office of Budget & Program
Planning
Chuck Swysgood x3616

Program Description - The Office of Budget and Program Planning (OBPP) assists the Governor in preparing the Governor's Executive Budget and administering the state government budget. In addition, the OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as approving authority for operational plan changes, program transfers, and budget amendments in the executive branch, in accordance with Title 17, Chapter 7, MCA. The OBPP acts as the lead executive branch agency for compliance with the federal Single Audit Act.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.00	0.00	(1.00)	16.00	0.00	(1.00)	16.00
Personal Services	848,543	135,211	(54,782)	928,972	132,636	(55,017)	926,162
Operating Expenses	145,441	(236)	0	145,205	(4,578)	0	140,863
Total Costs	\$993,984	\$134,975	(\$54,782)	\$1,074,177	\$128,058	(\$55,017)	\$1,067,025
General Fund	993,984	134,975	(54,782)	1,074,177	128,058	(55,017)	1,067,025
Total Funds	\$993,984	\$134,975	(\$54,782)	\$1,074,177	\$128,058	(\$55,017)	\$1,067,025

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 \$0
FY05 \$10,000	FY05 \$10,000

PL- 401 - OBPP Session Costs -

Costs for printing the Executive Budget always appear in the second year of the biennium and thus are not included in the base budget. The number of copies to be printed has been reduced and the budget volumes are available on the Web site. Printing costs are added each budget cycle to the non-base year.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$18,267)	FY04 (\$18,267)
FY05 (\$18,267)	FY05 (\$18,267)

PL- 111 - Replacement Computers -

Some computers need to be replaced according to the state standard approved four-year replacement cycle. Related decision packages in the OBPP (program 4) and Mental Disabilities Board of Visitors (program 20) reduce all general fund budgets for this account to zero. Decision package PL-111 in the Executive Office (program 1) consolidates the general fund budget for the PC replacement cycle for all programs in the agency. This is requested to create more efficient management of this system.

**Governors Office-3101
Office Of Bdget & Pgm Planning-04**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$54,782)	FY04	(\$54,782)
FY05	(\$55,017)	FY05	(\$55,017)

NP- 402 - OBPP FTE Reduction -

The Executive recommends a reduction of 1.00 FTE executive budget analyst to fund the OBPP alternative pay plan adjustment. In addition, the program will be required to absorb additional vacancy savings. The total reduction in the program is approximately \$110,000 general fund for the biennium.

Governors Office-3101

Coordinator Of Indian Affairs-05

05 Office of Indian Affairs
Lori Ryan x3702

Program Description - The Coordinator of Indian Affairs Program serves as the Governor's liaison with state Indian tribes, provides information and policy support on issues confronting the Indians of Montana, and advises and makes recommendations on these issues to the Legislative and Executive Branches. The coordinator also serves the Montana congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesperson for representative Native American organizations and groups, both public and private, whenever that support is requested. The program is mandated by 2-15-217 and 90-11-101, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00
Personal Services	74,743	22,124	0	96,867	22,570	0	97,313
Operating Expenses	38,915	2,001,096	0	2,040,011	1,473	0	40,388
Total Costs	\$113,658	\$2,023,220	\$0	\$2,136,878	\$24,043	\$0	\$137,701
General Fund	97,087	39,791	0	136,878	40,614	0	137,701
State/Other Special	16,571	(16,571)	0	0	(16,571)	0	0
Federal Special	0	2,000,000	0	2,000,000	0	0	0
Total Funds	\$113,658	\$2,023,220	\$0	\$2,136,878	\$24,043	\$0	\$137,701

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,000,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 501 - State-Tribal Economic Development Commission -

HB 21 adopted and approved through the 2001 legislative session extended the duration of the State-Tribal Economic Development Commission and amended 90-1-135, MCA, to state, "Money in the accounts that is not expended by June 30, 2005, must remain in the accounts for the commission's use." This request estimates the amounts that will be remaining in the accounts and will be available for use until June 30, 2005.

Governors Office-3101 Lieutenant Governor's Office-12

**12 Lieutenant Governor's
Office
Lt. Governor Karl Ohs x5551**

Program Description - The Office of the Lieutenant Governor is responsible for carrying out duties prescribed by statute established by Article VI, Section 4 of the Montana Constitution, as well as those delegated by the Governor. Statutory authority is Title 2, Chapter 15, part 3, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	3.00	0.00	1.00	4.00	0.00	1.00	4.00
Personal Services	186,067	(10,215)	26,791	202,643	(10,716)	26,709	202,060
Operating Expenses	39,395	4,454	0	43,849	5,695	0	45,090
Total Costs	\$225,462	(\$5,761)	\$26,791	\$246,492	(\$5,021)	\$26,709	\$247,150
General Fund	225,462	(5,761)	26,791	246,492	(5,021)	26,709	247,150
Total Funds	\$225,462	(\$5,761)	\$26,791	\$246,482	(\$5,021)	\$26,709	\$247,150

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$26,791	FY04	\$26,791
FY05	\$26,709	FY05	\$26,709

NP- 1201 - Lt. Governor's Office Staff Support -
 The office currently has 2.00 FTE support staff. An additional 1.00 FTE is requested to provide assistance to the Lt. Governor and to the policy advisors in the Governor's Office. There is currently a 1.00 FTE modified position, funded within the program's personal services appropriation.

Governors Office-3101 Citizens Advocate Office-16

16 Citizens Advocate Office
Myrno Omholt-Mason x3468

Program Description - The Citizens' Advocate Office exists to provide access to state government for Montana citizens. The office provides information to citizens and functions as a referral service for public comments, suggestions, and requests for information. The office provides a toll-free number to the public.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50
Personal Services	73,111	1,747	0	74,858	1,562	0	74,673
Operating Expenses	12,942	(321)	0	12,621	(235)	0	12,707
Total Costs	\$86,053	\$1,426	\$0	\$87,479	\$1,327	\$0	\$87,380
General Fund	71,054	1,425	0	72,479	1,326	0	72,380
Federal Special	14,999	1	0	15,000	1	0	15,000
Total Funds	\$86,053	\$1,426	\$0	\$87,479	\$1,327	\$0	\$87,380

Governors Office-3101 Mental Disabilities Bd Visitors-20

**20 Mental Disabilities Board of
Visitors
Gene Haire x3965**

Program Description - The Mental Disabilities Board of Visitors is charged with reviewing patient care at Montana's community mental health centers, and at the institutions for the mentally ill and the developmentally disabled. The board provides legal services for the residents at those institutions. The Governor appoints five board members who may be (but are not required to be) consumers, doctors of medicine, or behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	3.50	0.00	0.00	3.50	0.00	0.00	3.50
Personal Services	137,419	12,857	0	150,276	12,448	0	149,867
Operating Expenses	71,732	(742)	(15,327)	55,663	(471)	(15,327)	55,934
Total Costs	\$209,151	\$12,115	(\$15,327)	\$205,939	\$11,977	(\$15,327)	\$205,801
General Fund	209,151	12,115	(15,327)	205,939	11,977	(15,327)	205,801
Total Funds	\$209,151	\$12,115	(\$15,327)	\$205,939	\$11,977	(\$15,327)	\$205,801

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$1,273)	FY04 (\$1,273)
FY05 (\$1,273)	FY05 (\$1,273)

PL- 111 - Computer Replacement -

Some computers need to be replaced according to the state standard four-year replacement cycle. Related decision packages reduce all general fund budgets for this account to zero. Decision package PL 111 in the Executive Office (program 1) consolidates the general fund budget for the PC replacement cycle for all programs in the agency to create more efficient management. Though the requested budget for replacement computers in program 1 is increasing, as compared to base year 2002 expenditures the general fund budget for the entire agency is decreasing by \$22,302 for the biennium.

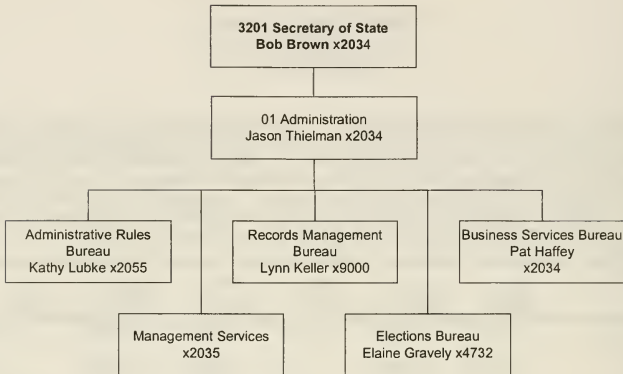
----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$15,327)	FY04 (\$15,327)
FY05 (\$15,327)	FY05 (\$15,327)

NP- 2001 - General Operating Reduction -

The request reduces operating expenditures for the agency to meet target reductions from OBPP.

Secretary of State-3201 Administration-01



Mission Statement - To serve the voters, business community, and governmental agencies of Montana by overseeing the elections process, facilitating business activities, commissioning notaries, publishing the Administrative Rules of Montana, and preserving documents and records. The Secretary of State's Office works for and with its customers, continuously striving to improve service.

Statutory Authority - Article VI, Section 1, Montana Constitution; 2-4-311-312, 2-6-203, and 2-15-401, MCA.

The Secretary of State's Office is entirely funded with proprietary funds. See Section P for budget information.

Commissioner Of Political Prac-3202 Administration-01

01 Administration
Linda L. Vaughey x2942

Mission Statement - To monitor and to enforce, in a fair and impartial manner, campaign practices and campaign finance disclosure, lobbying disclosure, business interest disclosure of statewide and state district candidates, elected state officials and state department directors; ethical standards of conduct for legislators, public officers and state employees; and to investigate legitimate complaints that arise concerning any of the above.

Statutory Authority - Title 13, Chapter 37 and Title 2, Chapter 2, MCA.

Program Description - The Commissioner of Political Practices is provided for in 13-37-102, MCA, which was enacted in 1975 as part of a campaign finance and practice law reform package, with duties and responsibilities set forth in Title 13, Chapter 37, part 1, MCA. Additional responsibilities for the office were created through passage of an initiative in 1980 which provided for both lobbying disclosure and disclosure of business interests of elected officials. In 1995 the Legislature enacted the code of ethics (Title 2, Chapter 2, MCA) and assigned to the Commissioner the responsibility for administering ethical standards of conduct for legislators, public officers and state employees. Statutory authority resided in Title 13, Chapter 37 and Title 2, Chapter 2, MCA.

Program Indicators-

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Lobbyists registered	850	906	906	906	750	750
Committees registered (all types)	534	705	422	550	600	600
Candidates registered (State, State District, and Local)	1394	1660	1993	2000	1650	1950
Official complaints filed	7	13	16	20	10	20

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00
Personal Services	170,288	43,237	(36,528)	176,997	42,566	(36,427)	176,427
Operating Expenses	161,377	4,659	(20,120)	145,916	(159)	(20,120)	141,098
Total Costs	\$331,665	\$47,896	(\$56,648)	\$322,913	\$42,407	(\$56,547)	\$317,525
General Fund	331,665	47,896	(56,648)	322,913	42,407	(56,547)	317,525
Total Funds	\$331,665	\$47,896	(\$56,648)	\$322,913	\$42,407	(\$56,547)	\$317,525

----- Agency General Fund Target - \$640,000 -----

**Commissioner Of Political Prac-3202
Administration-01**

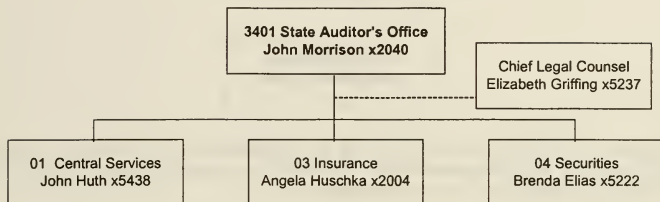
----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$56,648)	FY04	(\$56,648)
FY05	(\$56,547)	FY05	(\$56,547)

NP- 1 - Eliminate Position & On-going Reductions -

This decision package eliminates position number 32200005, which is a vacant data manager position responsible for maintaining the agency database and other administrative support. The duties are being incorporated into the other two agency administrative support positions. In addition, this decision package continues the reductions of \$16,850 general fund made under 17-7-140, MCA, along with the Legislature's special session reductions of \$9,225.

State Auditors Office-3401



Mission Statement - The State Auditor is the Commissioner of Insurance and the Commissioner of Securities. The auditor also serves as a member of the Board of Land Commissioners and the Crop Hail Insurance Board. The auditor is charged with licensing, registering, and regulating insurance companies and producers, securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representative within the state.

Statutory Authority - Title 30, Chapter 10, MCA, Securities Regulation, and Title 33, MCA, Insurance.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	69.50	4.00	0.00	73.50	4.00	0.00	73.50
Personal Services	2,715,801	521,007	0	3,236,808	517,029	0	3,232,830
Operating Expenses	790,438	243,268	(43,397)	990,309	305,139	(43,397)	1,052,180
Total Costs	\$3,506,239	\$764,275	(\$43,397)	\$4,227,117	\$822,168	(\$43,397)	\$4,285,010
General Fund	334,795	45,719	(380,514)	0	43,490	(378,285)	0
State/Other Special	3,171,444	718,556	337,117	4,227,117	778,678	334,888	4,285,010
Total Funds	\$3,506,239	\$764,275	(\$43,397)	\$4,227,117	\$822,168	(\$43,397)	\$4,285,010

----- Agency General Fund Target - \$640,000 -----

The agency target is different than what is reflected in the table due to the recommended fund switch in Securities from general fund to state special revenue.

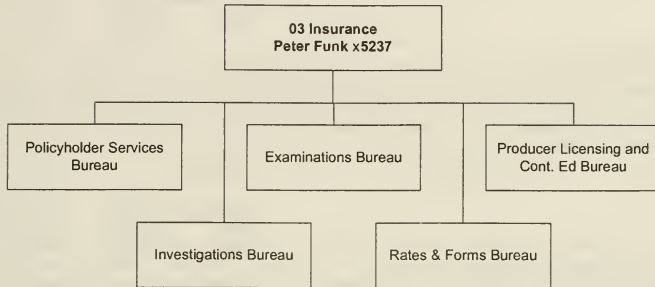
State Auditors Office-3401 Central Management-01

01 Central Services
Angela Huschka x2004

Program Description - The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the State Auditor's Office. The division also provides support to the auditor in fulfilling the duties as a member of the state land and hail insurance boards.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00
Personal Services	342,208	92,567	0	434,775	91,911	0	434,119
Operating Expenses	109,346	(6,582)	0	102,764	(11,030)	0	98,316
Total Costs	\$451,554	\$85,985	\$0	\$537,539	\$80,881	\$0	\$532,435
State/Other Special	451,554	85,985	0	537,539	80,881	0	532,435
Total Funds	\$451,554	\$85,985	\$0	\$537,539	\$80,881	\$0	\$532,435

State Auditors Office-3401 Insurance-03



Program Description - The Insurance Division regulates the insurance industry in Montana. The Policyholder Services Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. The Rates and Forms Bureau is responsible for reviewing form filings and rate filings to ensure compliance with the applicable insurance code. The Licensing Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjusters. The Investigations Bureau investigates insurance code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

Program Proposed Budget							
Program Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	47.50	3.00	0.00	50.50	3.00	0.00	50.50
Personal Services	1,967,501	321,944	0	2,289,445	319,646	0	2,287,147
Operating Expenses	566,962	172,921	0	739,883	245,922	0	812,884
Total Costs	\$2,534,463	\$494,865	\$0	\$3,029,328	\$565,568	\$0	\$3,100,031
State/Other Special	2,534,463	494,865	0	3,029,328	565,568	0	3,100,031
Total Funds	\$2,534,463	\$494,865	\$0	\$3,029,328	\$565,568	\$0	\$3,100,031

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$119,372	\$0
FY05	\$110,493	\$0

PL- 3 - Market Conduct Examiners -

Currently, insurance companies are aware that the SAO does not have a Market Conduct Division and, therefore, are more likely to engage in unfair consumer practices that can only be corrected by a market conduct examination. This request is for 2.00 FTE market conduct examiners to review insurer's market place practices to determine what they are and what they should be. Most of the costs associated with these positions will be recovered from the companies. Examination costs can be charged to the company and the company will reimburse the SAO for these costs.

State Auditors Office-3401

Insurance-03

Total Agency Impact

FY04	\$58,479
FY05	\$54,061

General Fund Total

FY04	\$0
FY05	\$0

PL- 4 - Captive Insurance FTE -

The 2001 Legislature passed a bill that allows captive insurance companies to operate in Montana. The State Auditor's Office was appropriated \$20,000 each year of the current biennium for operating only. Currently, the SAO has licensed three companies, and anticipates an additional two by the end of the year. This proposal requests 1.00 FTE insurance examiner to approve the applications of prospective captives and conduct the examinations of captive insurance companies licensed in Montana.

Total Agency Impact

FY04	\$107,287
FY05	\$211,287

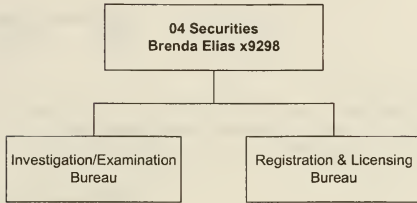
General Fund Total

FY04	\$0
FY05	\$0

PL- 6 - Contract Insurance Examinations -

This will adjust the line item for Insurance Contract Exams for the new biennium. The expenses will be offset by insurance companies reimbursing the examination costs. This is based upon the examination schedule for the 2005 biennium.

State Auditors Office-3401 Securities-04



Program Description - The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana and, in particular, for the registration of securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representatives. The division also is responsible for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$25 million. The Investigations Bureau investigates securities code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	12.00	1.00	0.00	13.00	1.00	0.00	13.00
Personal Services	406,092	106,496	0	512,588	105,472	0	511,564
Operating Expenses	114,130	76,929	(43,397)	147,662	70,247	(43,397)	140,980
Total Costs	\$520,222	\$183,425	(\$43,397)	\$660,250	\$175,719	(\$43,397)	\$652,544
General Fund	334,795	45,719	(380,514)	0	43,490	(378,285)	0
State/Other Special	185,427	137,706	337,117	660,250	132,229	334,888	652,544
Total Funds	\$520,222	\$183,425	(\$43,397)	\$660,250	\$175,719	(\$43,397)	\$652,544

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$50,229	FY04 \$0
FY05	\$45,826	FY05 \$0

PL- 2 - Securities Examiner/Analyst -

Growth in securities activity in Montana corresponds with the increase in filings with the State Auditor's Office. Currently, the Securities Division has 2.50 FTE securities analysts. This requests an additional 1.00 FTE securities analyst to address the increase in both the number of issuers filing with the department and the number of individuals registered to sell as broker-dealer agents. With concerns of the stock market volatility, the new position would provide support and consultation for those efforts. In addition, the federal government recently passed legislation (Gramm-Leach-Bliley) that permits banks and insurance companies to expand their activities in the securities markets that will further increase demands.

**State Auditors Office-3401
Securities-04**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$78,626	FY04	\$0
FY05	\$78,626	FY05	\$0

PL- 7 - Securities Contract Examinations -

This will adjust the line item for Securities Contract Exams for the new biennium based upon the examination schedule. Expenses will be offset by insurance companies reimbursing the examination costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$16,314)	FY04	\$0
FY05	(\$16,314)	FY05	\$0

PL- 8 - Special Session Reductions -

The total amount of on-going reductions as a result of the special session for the biennium is \$32,628 of general fund. Of this amount, \$30,322 is taken from personal services and \$2,306 is taken from operating.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$380,514)
FY05	\$0	FY05	(\$378,285)

NP- 1 - Securities Program Funding Switch -

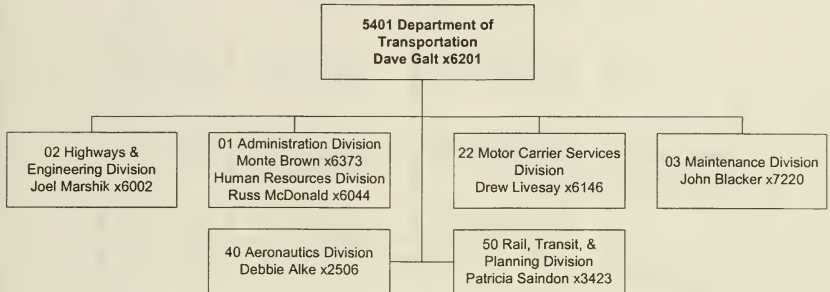
This decision package proposes to eliminate the general fund appropriation for the securities program and fund the entire program with state special revenue collected from portfolio revenue. Currently, the program is funded with approximately \$335,000 of general fund and \$205,000 of state special revenue per year. The fund switch will have a net impact of zero on the general fund because the amount that would have been deposited into the general fund will not be appropriated from the general fund.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$43,397)	FY04	\$0
FY05	(\$43,397)	FY05	\$0

NP- 2 - Additional Reductions -

In order to meet the biennial target consistent with other agencies, additional reductions of \$86,794 were taken from operating for the biennium. When the state special revenue is not spent, it is deposited to the general fund as revenue.

Department Of Transportation-5401



Mission Statement - To serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality and sensitivity to the environment.

Statutory Authority - Title 2, Chapter 15, part 25, and Titles 23 and 60, MCA; USC 134 and 135; Title 23, Chapter 1, CFR.

Language - "The department may adjust appropriations in the general operations, construction, maintenance, and transportation planning programs between state special revenue and federal special revenue fund types if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified by budget documents submitted to the office of budget and program planning, and all fund transfers of more than \$1 million in any 30-day period must be communicated to the legislative finance committee in a written report."

"All federal special revenue appropriations in the department are biennial."

"All appropriations in the general operations, construction, maintenance, and transportation planning programs are biennial."

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	2,170.16	5.55	(12.03)	2,163.68	(45.63)	(12.03)	2,112.50	
Personal Services	92,274,059	13,861,949	(529,145)	105,606,863	12,496,506	(533,568)	104,236,997	
Operating Expenses	322,091,651	105,638,598	8,673,021	436,403,270	109,771,809	3,820,000	435,683,460	
Equipment	1,133,344	102,656	0	1,236,000	102,656	0	1,236,000	
Capital Outlay	10,125,530	2,196,375	0	12,321,905	2,196,375	0	12,321,905	
Grants	6,989,629	3,400,696	0	10,390,325	2,367,696	0	9,357,325	
Transfers	25,452	0	0	25,452	0	0	25,452	
Debt Service	375	0	0	375	0	0	375	
Total Costs	\$432,640,040	\$125,200,274	\$8,143,876	\$565,984,190	\$126,935,042	\$3,286,432	\$562,861,514	
State/Other Special	149,258,584	72,365,330	478,874	222,102,788	93,921,879	(756,400)	242,424,063	
Federal Special	283,381,456	52,834,944	7,665,002	343,881,402	33,013,163	4,042,832	320,437,451	
Total Funds	\$432,640,040	\$125,200,274	\$8,143,876	\$565,984,190	\$126,935,042	\$3,286,432	\$562,861,514	

Department Of Transportation-5401

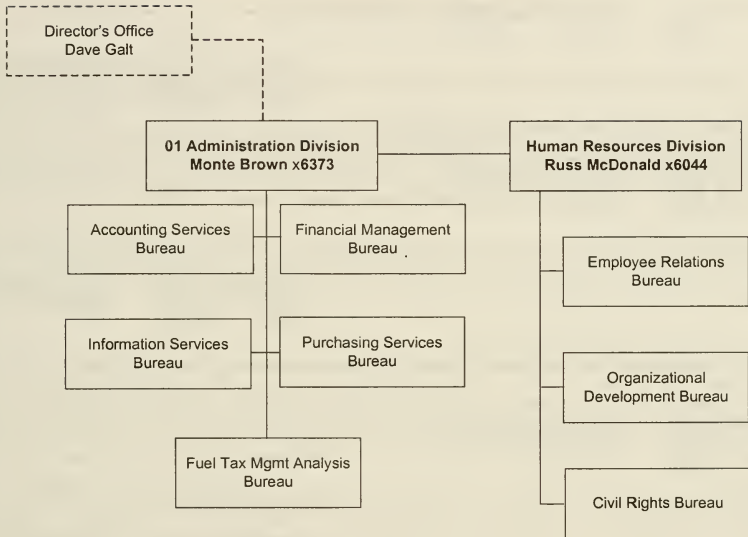
Long-Range Planning Document Highway State Special Revenue Account Department of Transportation and the Office of Budget and Program Planning November 15, 2003										
	Actuals FY 00	Actuals FY 01	Actual FY 02	Budget FY 03	Budget (Req) FY 04	Budget (Req) FY 05	Forecast FY 06	Forecast FY 07	Forecast FY 08	Forecast FY 09
BEGINNING WORKING CAPITAL BALANCE	48,974,472	40,841,664	40,865,722	51,478,304	34,149,969	20,596,247	8,991,457	(948,748)	(12,881,457)	(26,550,736)
REVENUE										
G & V	33,934,696	31,127,852	26,251,835	26,693,387	26,155,178	25,599,228	25,357,499	25,489,358	25,621,903	25,755,137
Gas Tax	124,679,120	122,018,742	125,907,096	126,532,606	127,195,599	127,861,974	128,531,749	129,204,942	129,881,569	130,556,953
Alcohol Incentive (Hardin)					(1,750,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
Alcohol Incentive (Miles City)					0	(2,250,000)	(2,250,000)	(2,250,000)	(2,250,000)	(2,250,000)
Alcohol Incentive (Great Falls)					0	(750,000)	(750,000)	(750,000)	(750,000)	(750,000)
Diesel Tax	54,259,213	51,861,491	56,094,739	57,048,349	58,018,171	59,004,480	60,007,556	61,027,685	62,065,156	63,120,264
Noxious Weed Trust	(1,125,000)	(1,125,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)
Other	6,266,231	7,249,134	3,914,519	3,914,519	3,914,519	3,914,519	3,914,519	3,914,519	3,914,519	3,914,519
Interest			846,548	600,000	600,000	250,000	0	0	0	0
General Fund			0	75,000	0	0	3,050,203	3,095,966	3,142,395	3,189,531
TOTAL REVENUE	218,014,260	211,132,219	212,914,737	214,763,861	214,033,467	210,530,201	215,011,526	216,632,460	218,525,542	220,436,404
AVAILABLE WORKING CAPITAL	286,988,732	251,973,883	253,780,459	266,242,165	248,183,436	231,126,448	224,002,983	215,683,712	205,644,085	193,885,668
EXPENDITURES										
General Operations	14,035,038	14,068,558	16,709,060	17,228,570	19,633,625	19,999,944	20,222,634	20,589,942	20,829,313	21,217,941
Indirect Cost Plan			(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)	(5,000,000)
Construction	77,383,573	51,421,659	59,356,330	65,584,331	72,584,159	62,354,349	66,548,378	66,548,378	66,548,378	66,548,378
State Funded Construction	13,507,560	10,265,207	1,279,869	18,470,867	13,103,786	17,423,831	12,500,000	12,500,000	12,500,000	12,500,000
Maintenance	69,930,872	71,661,072	73,648,288	78,510,319	81,335,243	81,628,131	83,775,306	86,288,559	88,877,216	91,543,533
Motor Carrier Services	4,823,500	4,707,932	4,813,761	5,297,604	5,247,636	5,293,111	5,405,065	5,451,904	5,567,217	5,615,461
Transportation Planning	1,560,620	1,418,633	1,499,762	2,233,237	2,556,240	2,147,851	2,632,927	2,711,915	2,783,272	2,877,071
Local Government	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000	16,766,000
Bond Principal and Interest	13,536,080	13,583,871	13,482,722	3,798,551	0	0	0	0	0	0
Equipment Contributed Capital	4,342,201	7,149,682	0	0	0	0	0	0	0	0
Dept of Justice	16,397,702	16,770,169	17,603,737	19,935,179	19,160,500	19,321,774	19,901,427	20,498,470	21,113,424	21,746,827
Motor Vehicle Division				7,068,993	0	0	0	0	0	0
Fish Wildlife & Parks	484,635	598,634	745,526	688,545	200,000	200,000	200,000	200,000	200,000	200,000
A & E	1,897,948	1,897,991	1,896,805	2,500,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Other Expenditures	(8,516,660)	(3,589,634)	2,300,274	0	0	0	0	0	0	0
TOTAL EXPENDITURES	226,147,068	211,108,162	202,302,154	232,092,196	227,587,189	222,134,991	224,951,732	228,565,169	232,194,820	236,015,210
ENDING WORKING CAPITAL BALANCE	40,841,664	40,865,722	51,478,304	34,149,969	20,586,247	8,991,457	(948,748)	(12,881,457)	(26,550,736)	(42,129,542)

NOTE: The DOT will resubmit the budget for the Construction Program in late November to reflect more accurate projections. This resubmission may change this document slightly.

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Department Of Transportation-5401

General Operations Program-01



Program Description - The General Operations Program administers motor fuel taxes and provides administrative support services for the department, including general administration and management; accounting and budgeting; public affairs; information technology services; human resources activities; compliance review; and goods and services procurement. The General Operations Program is authorized by 2-15-2501(3), MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	161.77	1.00	(2.00)	160.77	1.00	(2.00)	160.77
Personal Services	6,951,701	1,093,427	(77,334)	7,967,794	1,100,393	(77,863)	7,974,231
Operating Expenses	10,198,521	1,632,295	3,820,000	15,650,816	1,992,322	3,820,000	16,010,843
Equipment	226,118	109,250	0	335,368	109,250	0	335,368
Grants	75,000	0	0	75,000	0	0	75,000
Debt Service	375	0	0	375	0	0	375
Total Costs	\$17,451,715	\$2,834,972	\$3,742,666	\$24,029,353	\$3,201,965	\$3,742,137	\$24,395,817
State/Other Special	11,156,774	3,707,715	(257,334)	14,607,155	4,074,629	(257,863)	14,973,540
Federal Special	6,294,941	(872,743)	4,000,000	9,422,198	(872,664)	4,000,000	9,422,277
Total Funds	\$17,451,715	\$2,834,972	\$3,742,666	\$24,029,353	\$3,201,965	\$3,742,137	\$24,395,817

Department Of Transportation-5401
General Operations Program-01

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$34,064	FY04	\$0
FY05	\$33,978	FY05	\$0

PL- 101 - Subgrant Monitoring / Local Gov't Certification -

In two previous audits, the Legislative Audit Division (LAD) recommended the agency establish procedures to ensure all federal funds subgranted are monitored in accordance with federal regulations. The agency's subgranting of funds is expected to increase, based in part on the initiation of new programs. This request is to provide 1.00 FTE at a cost of \$34,064 state special revenue in FY 2004 and \$33,978 state special revenue in FY 2005 to comply with the audit recommendation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$109,250	FY04	\$0
FY05	\$109,250	FY05	\$0

PL- 103 - IT Equipment Lifecycle Replacements -

Currently, the department maintains a four-year lifecycle replacement schedule for PCs. This request is to establish a lifecycle replacement schedule for servers, storage and network equipment. The executive recommends \$109,250 highway state special revenue each year of the biennium to establish and maintain the replacement schedule. Over the last two biennia, the Legislature appropriated the department's IT equipment authority into a one-time-only for servers and network gear, and a base level for other equipment. In addition, there was no OTO authority budgeted for FY 2003. This request plans for a stable and fixed level of authority for each fiscal year rather than more in one year and less the next.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$75,439	FY04	\$0
FY05	\$80,439	FY05	\$0

PL- 104 - Overtime and Differential Pay -

This request is to reestablish base year overtime and differential pay with associated benefits. The biennial cost is \$155,878, which consists of \$154,623 in highway state special revenue and \$1,255 in federal special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,000	FY04	\$0
FY05	\$25,000	FY05	\$0

PL- 105 - IFTA Dues and Legal Fees -

IFTA (International Fuel Tax Association) annual dues have increased from \$8,000 to \$10,000 per year. In the last biennium, dues for both years were paid in the non-base year, leaving this item unfunded in the base. Additionally, there is no base for expenditures when dispute resolution goes beyond internal review. This request would add \$25,000 highway state special revenue each year of the biennium.

Department Of Transportation-5401

General Operations Program-01

Total Agency Impact

FY04	\$2,076
FY05	\$2,363

General Fund Total

FY04	\$0
FY05	\$0

PL- 109 - Equipment Rental -

The request includes \$4,439 state special revenue for the biennium to cover the general operations portion of the department's Equipment Program rate increase.

Total Agency Impact

FY04	(\$216,869)
FY05	(\$216,869)

General Fund Total

FY04	\$0
FY05	\$0

PL- 110 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the General Operations program is \$215,522 state special revenue and \$1,347 federal special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

----- **New Proposals** -----

Total Agency Impact

FY04	\$4,000,000
FY05	\$4,000,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 102 - Integrated Financial Systems -

During 2002, the department conducted an Integrated Financial Systems needs study which shows that integration of the department's financial systems would eliminate redundancy and duplication of data entry and storage. This integration will result in cost savings through more efficient use of personnel and more timely and easily accessed information. The technology has the potential not only to improve the efficiency within the department, but to be used by other state agencies to create similar efficiencies. An investment of \$8 million federal special revenue in the 2005 biennium is being requested to provide for the use of a common data warehouse, a consistent coding structure, and links among various systems. Integrated financial systems will enable the department to identify and monitor the cost of certain activities or projects and to more readily share this information with the Legislature and the public. Federal funding for this project will be recovered through an increase to the indirect cost agreement between the department and the Federal Highway Administration.

Total Agency Impact

FY04	(\$77,334)
FY05	(\$77,863)

General Fund Total

FY04	\$0
FY05	\$0

NP- 107 - FTE Reduction -

There are 2.00 FTE, a public information officer and an administrative support position, eliminated in this request. The duties of these positions will be absorbed by other positions in the department. The biennial savings of the reduction is \$155,197 highway state special revenue.

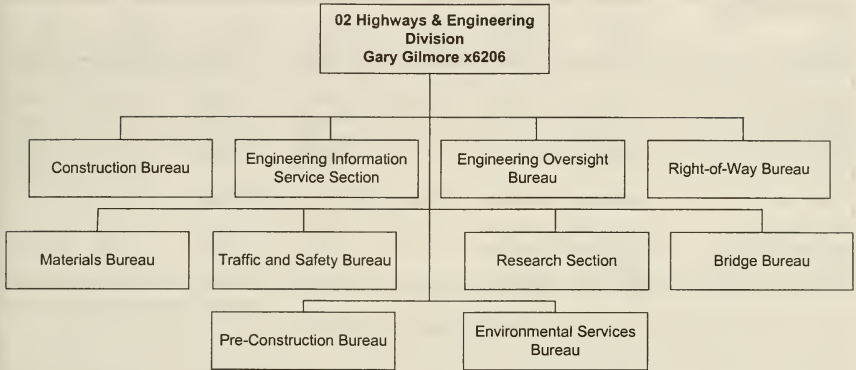
Department Of Transportation-5401
General Operations Program-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$180,000)	FY04	\$0
FY05	(\$180,000)	FY05	\$0

NP- 108 - Reduction in Contracted Audits -

The number of audits that are provided by contracted services would be reduced to provide more efficient auditing in the areas of the IFTA and IRP programs and Consultant Contracts. Some of these audits will be performed by existing staff and some audit areas, such as special projects, special fuel users, construction contracts and internal audits, will be reduced. A reduction of \$360,000 in highways state special revenue for the biennium is being requested.

Department Of Transportation-5401 Construction Program-02



Program Description - The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project design, environmental documents and permits, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work approved as meeting established construction standards. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare. The Construction Program is mandated by 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Percentage of all projects finalized within 120 days of certificate of completion	11.0%	88.5%	95.1%	85.0%	85.0%	85.0%
Develop plans for and let 85% of planned fiscal year projects	88.2%	85.0%	66.0%	85.0%	85.0%	85.0%
Maintain statewide average construction engineering costs under 8.5% of total contract costs	7.95%	8.2%	10.0%	8.5%	8.5%	8.5%
Maintain statewide final costs under 10% above award amount	1.4%	2.5%	3.3%	2.5%	2.5%	2.5%

Department Of Transportation-5401 Construction Program-02

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1,045.09	0.55	1.00	1,046.64	(50.63)	1.00	995.46
Personal Services	46,102,640	6,681,696	65,095	52,849,431	5,220,784	64,897	51,388,321
Operating Expenses	263,671,706	94,184,216	1,003,021	358,858,943	98,216,647	0	361,888,353
Equipment	800,192	0	0	800,192	0	0	800,192
Capital Outlay	10,112,163	2,141,375	0	12,253,538	2,141,375	0	12,253,538
Grants	2,819,983	0	0	2,819,983	0	0	2,819,983
Total Costs	\$323,506,684	\$103,007,287	\$1,068,116	\$427,582,087	\$105,578,806	\$64,897	\$429,150,387
State/Other Special	57,229,272	57,667,559	1,023,114	115,919,945	79,906,843	22,065	137,158,180
Federal Special	266,277,412	45,339,728	45,002	311,662,142	25,671,963	42,832	291,992,207
Total Funds	\$323,506,684	\$103,007,287	\$1,068,116	\$427,582,087	\$105,578,806	\$64,897	\$429,150,387

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$652,926	FY04 \$0
FY05 (\$1,098,742)	FY05 \$0

PL- 202 - CMS Adjustment -

The Construction Management System (CMS), which uses standards to develop projected budgets for the preliminary engineering and construction engineering functions, indicates a need for additional budget authority for 0.55 FTE in FY 2004 and a reduction in budget authority for 50.63 FTE in FY 2005. The total recommendation for the biennium is a net reduction of \$445,816 comprised of \$84,413 in highway state special revenue and \$361,403 in federal special revenue authority.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,141,375	FY04 \$0
FY05 \$2,141,375	FY05 \$0

PL- 203 - Landowner Payments -

Since enactment of the Transportation Enhancement Act of the Twenty-first Century (TEA 21) the land payments have been averaging approximately \$12 million a year. The base expenditures for FY 2002 were \$10.1 million. The executive recommends \$321,206 state special revenue and \$1,820,169 federal special revenue in each year of the biennium to restore the landowner payments to the historical level.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$57,589,998	FY04 \$0
FY05 \$30,386,112	FY05 \$0

PL- 204 - Contractor Payments / Federal Aid Construction -

The executive recommends \$8,004,019 state special revenue and \$49,585,979 federal special revenue in FY 2004 and \$4,223,147 state special revenue and \$26,162,965 federal special revenue in FY 2005 for contractor payments on the federal aid construction program. The request is computed by using the Tentative Construction Program (TCP), which indicates when the various projects will be let and the type of work to be completed. The amount of contractor payments for the 2005 biennium will be greater than the FY 2002 base.

Department Of Transportation-5401

Construction Program-02

Total Agency Impact

FY04	\$30,232,000
FY05	\$57,380,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 206 - US Highway 93 -

Accelerating the construction on U.S. Highway 93 from Evaro Hill to Polson is recommended in order to provide the traveling public with a highway of double the current traffic capacity as well as to address severe safety problems. Funding will come from the sale of bonds. Since the highway is on the Flathead Indian Reservation, the project is eligible for 100 percent federal funding. As the bonds mature and are redeemed, the amount of state special revenue funds disbursed will be reimbursed by federal aid from the Federal Highway Administration (FHWA) and the bonds and interest will be paid off. The project will require \$87,612,000 in state special revenue spending authority for the 2005 biennium.

Total Agency Impact

FY04	\$562,220
FY05	\$562,220

General Fund Total

FY04	\$0
FY05	\$0

PL- 207 - CMS Aggregate Positions -

The Construction Program has certain positions that contain multiple employees with varying pay levels. Position budgets come from the most recent person in the position, and in most cases that employee is the lowest paid person in the position. This causes the department to be underfunded for the remaining employees in the position. This request includes \$365,308 in highway state special revenue and \$759,132 in federal special revenue for the biennium to fund the difference between actual pay rates and the pay rates established in the budget system and the associated benefits for these aggregate positions.

Total Agency Impact

FY04	\$11,707,531
FY05	\$16,034,002

General Fund Total

FY04	\$0
FY05	\$0

PL- 209 - Contractor Payments / State Construction Program -

The department is required to spend a minimum amount of state funds on state-funded construction projects in order to receive a favorable ratio of federal participation on federal aid projects. Because the amount of state-funded construction in the FY 2002 base year is very low, this request increases the amount in the 2005 biennium by \$27,741,533 highway state special revenue comprised of \$11,707,531 in FY 2004 and \$16,034,002 in FY 2005.

Total Agency Impact

FY04	\$4,497,822
FY05	\$4,497,822

General Fund Total

FY04	\$0
FY05	\$0

PL- 210 - Overtime / Differential -

Base year overtime and differential pay with associated benefits is restored at a 2005 biennial cost of \$8,995,644 including \$2,359,448 in state special revenue and \$6,636,196 in federal special revenue.

Total Agency Impact

FY04	\$153,630
FY05	\$174,700

General Fund Total

FY04	\$0
FY05	\$0

PL- 212 - Equipment Rental -

The request includes \$92,916 state special revenue and \$235,414 federal special revenue for the biennium to cover the Construction Program portion of the department's Equipment Program rate increase.

Department Of Transportation-5401 Construction Program-02

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$5,000,000)	FY04	\$0
FY05	(\$5,000,000)	FY05	\$0

PL- 213 - Roadway Striping -

The executive recommends \$5 million per year in federal special revenue be transferred to the Maintenance Program. A corresponding request (PL 302) can be found in that program to consolidate the function of roadway striping for the department.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$1,144,197)	FY04	\$0
FY05	(\$1,144,197)	FY05	\$0

PL- 214 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Construction program is \$469,464 state special revenue and \$674,733 federal special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$68,116	FY04	\$0
FY05	\$64,897	FY05	\$0

NP- 208 - Local Government Certification -

The department will be operating a pilot project that will allow local governments to receive federal highway funds from the Federal Highway Administration (FHWA) to be used by and administered for local highway purposes. The pilot program will include the communities of Billings, Great Falls and Missoula. It will be necessary for DOT to monitor the use of these funds and to assure that all rules and regulations associated with the use of these funds are followed so as not to jeopardize these and other federal funds that the department receives. This request is for an additional 1.00 FTE requiring one additional basic office package and personal computer. The 2005 biennium request totals \$133,013 with \$45,179 in highway state special revenue and \$87,834 in federal special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,000,000	FY04	\$0
FY05	\$0	FY05	\$0

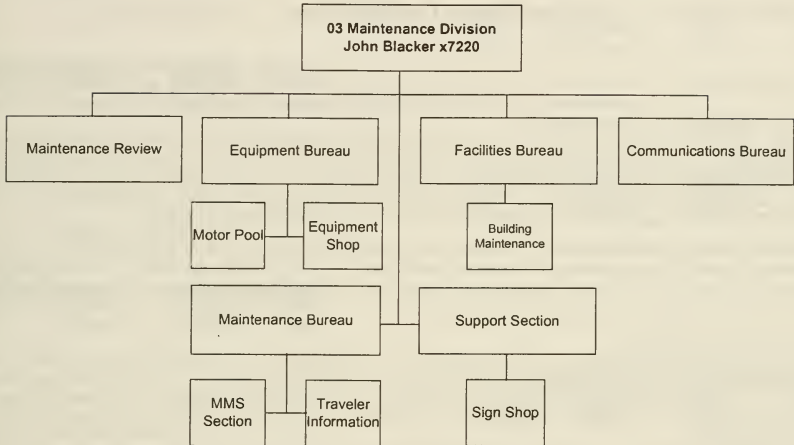
NP- 211 - Convert Metric measure to English measure -

The department is converting from a metric system of measure to an English system of measure as mandated by the Federal Highway Administration. Costs are primarily for outside consultants to revise agency manuals, drawings, standards, and software, but also include \$50,000 for new construction hardware of steel tapes, chains, and survey rods. Mandated conversion will require \$1,000,000 in highway state special revenue for the 2005 biennium.

Language - "Item 2 includes a total of \$63,690 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

Department Of Transportation-5401

Maintenance Program-03



Program Description - The Maintenance Program provides for repairs and preventive maintenance of state highways and the various signs and structures within the highway right-of-way. Winter plowing and sanding and year-round repairs to the state highway system are the responsibility of the staff in the Maintenance Program. The Maintenance Program is authorized by 2-15-2501(1), Title 60, MCA; and 23 USC 116.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	779.20	0.00	(11.03)	768.17	0.00	(11.03)	768.17
Personal Services	32,033,711	5,287,409	(516,906)	36,804,214	5,378,430	(520,602)	36,891,539
Operating Expenses	45,454,460	8,975,579	0	54,430,039	9,181,142	0	54,635,602
Equipment	71,275	0	0	71,275	0	0	71,275
Capital Outlay	13,367	55,000	0	68,367	55,000	0	68,367
Total Costs	\$77,572,813	\$14,317,988	(\$516,906)	\$91,373,895	\$14,614,572	(\$520,602)	\$91,666,783
State/Other Special	73,481,092	8,371,057	(516,906)	81,335,243	8,667,641	(520,602)	81,628,131
Federal Special	4,091,721	5,946,931	0	10,038,652	5,946,931	0	10,038,652
Total Funds	\$77,572,813	\$14,317,988	(\$516,906)	\$91,373,895	\$14,614,572	(\$520,602)	\$91,666,783

Department Of Transportation-5401

Maintenance Program-03

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$96,540	FY04	\$0
FY05	\$144,660	FY05	\$0

PL- 301 - Secondary Road Mile Increase -

SB 333, passed by the 1999 Legislature, made the department responsible for the maintenance of eligible paved secondary roads. An estimated 32.18 lane miles will become eligible in FY 2004 and 48.22 lane miles in FY 2005 at an estimated cost of \$3,000 per lane mile. The recommendation includes the cost of performing routine maintenance on these additional lane miles and purchasing supplies such as traffic paint, winter materials and replacement signs at a cost of \$96,540 state special revenue in FY 2004 and \$144,660 state special revenue in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,804,430	FY04	\$0
FY05	\$5,804,430	FY05	\$0

PL- 302 - Roadway Striping -

The executive recommends \$804,430 state special revenue and \$5,000,000 federal special revenue in each year of the biennium for the roadway striping program. The request will consolidate all striping projects into the Maintenance Program and restore the state funding base to the historical level for maintenance striping. The \$5 million per year in federal special revenue is a transfer of the striping function from the Construction Program for those projects that are federal aid eligible.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$132,044	FY04	\$0
FY05	\$134,861	FY05	\$0

PL- 303 - Noxious Weed Control -

The executive recommends \$132,044 state special revenue in FY 2004 and \$134,861 state special revenue in FY 2005 to fund the increased cost of controlling weeds on state owned right-of-way. Cost increases are due to additional lane miles of roadway that are now the department's responsibility as well as increased costs of weed control chemicals and application.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$179,636	FY04	\$0
FY05	\$199,097	FY05	\$0

PL- 304 - Rest Area Maintenance -

The executive recommends \$179,636 state special revenue in FY 2004 and \$199,097 state special revenue in FY 2005 for increases in rest area maintenance. Rest area maintenance contracts have been rewritten over the past biennium to include more stringent performance requirements. This increases the price of the contracts. In addition, new rest areas have been opened at Sweetgrass, Wibaux and Lost Trail. Rest areas have been renovated and enlarged at Jefferson City, Lima and near Saltese. The cost of the contracts for these rest areas is included in this request.

Department Of Transportation-5401

Maintenance Program-03

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$2,602,590	FY04 \$0
FY05	\$2,602,590	FY05 \$0

PL- 306 - Overtime and Differential -

Base year overtime and differential pay with associated benefits, which is primarily for winter maintenance, is recommended to be reestablished at a biennial cost of \$5,205,180 highway state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$81,588	FY04 \$0
FY05	\$81,588	FY05 \$0

PL- 307 - Increased Contract Costs -

Costs for existing contracts have risen with the renewal of the contracts. They include land rental for radio sites, janitorial contracts, cleaning contracts for the DOT Headquarters facility and increased costs at some of the district facilities. The executive recommends \$81,588 state special revenue each year of the biennium to address the increased contract costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$30,000	FY04 \$0
FY05	\$30,000	FY05 \$0

PL- 308 - Land Purchases -

The executive recommends \$30,000 state special revenue each year of the biennium to be used to purchase land as part of the department's Long-Range Building Program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$165,350	FY04 \$0
FY05	\$165,350	FY05 \$0

PL- 309 - Sign Template Stock -

The request includes \$165,350 state special revenue each year of the biennium to replace sign template stock that has been depleted. This stock is needed to replace old or damaged signs on state highways as the circumstances arise.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$24,589	FY04 \$0
FY05	\$24,734	FY05 \$0

PL- 310 - New Core Drill Building -

The 2001 Legislature authorized the department to build a new building to house the Core Drill Unit. Additional authority is requested for janitorial supplies and supplies for routine maintenance for the new core drill building. Cost for the biennium is \$49,324 of highway state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$850,309	FY04 \$0
FY05	\$966,947	FY05 \$0

PL- 311 - Equipment Rental -

The request includes \$1,187,256 state special revenue for the biennium to cover the Maintenance Program portion of the department's Equipment Program rate increase.

Department Of Transportation-5401

Maintenance Program-03

Total Agency Impact

FY04	\$1,587,602
FY05	\$1,587,602

General Fund Total

FY04	\$0
FY05	\$0

PL- 312 - Pavement Preservation -

Due to the wet spring and the non-completion of a number of pavement preservation contracts, the base budget for pavement preservation is approximately \$1.5 million below historical levels. This request would reestablish the pavement preservation program at approximately \$14.5 million per year. The biennial cost is \$3,175,204 highway state special revenue.

Total Agency Impact

FY04	\$180,000
FY05	\$180,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 313 - Travelers Information Service -

The new 511 travelers information service will start operating in 2003 to allow travelers to get the most recently-reported data and forecast information. Previous service, which was less automated and more labor-intensive, sometimes resulted in callers receiving outdated information. The executive recommends \$180,000 state special revenue each year of the biennium to provide matching funds for the 511 service.

Total Agency Impact

FY04	\$31,714
FY05	\$31,714

General Fund Total

FY04	\$0
FY05	\$0

PL- 314 - Training -

Training for employees in the career ladder progression was scheduled but couldn't be completed by fiscal year end. This training is required to meet the career ladder union agreement. To restore the base to the required level to meet the agreement, the request includes \$31,714 state special revenue each year of the biennium.

Total Agency Impact

FY04	(\$69,985)
FY05	(\$69,985)

General Fund Total

FY04	\$0
FY05	\$0

PL- 316 - Travel Reduction -

The request reduces the program travel budget by \$69,985 state special revenue each year of the biennium. The reduction will bring the travel budget back in line with the 2003 travel level, while still allowing the program to continue getting personnel to training academies as required by union contract.

Total Agency Impact

FY04	(\$184,434)
FY05	(\$184,434)

General Fund Total

FY04	\$0
FY05	\$0

PL- 317 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Maintenance program is \$184,434 state special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

Department Of Transportation-5401
Maintenance Program-03

----- **New Proposals** -----

Total Agency Impact

FY04 (\$516,906)

FY05 (\$520,602)

General Fund Total

FY04 \$0

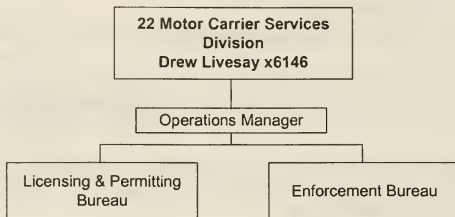
FY05 \$0

NP- 315 - FTE Reduction -

There are 11.03 FTE, including maintenance technicians and a maintenance supervisor, eliminated in this request. The reduction is based on a needs survey conducted by the Maintenance Program in FY 2002. The biennial savings of the reduction is \$1,037,508 highway state special revenue.

Department Of Transportation-5401

Motor Carrier Services Div.-22



Program Description - The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses, issues oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance and size/weight laws. The Motor Carrier Services Program is mandated by Title 61, Chapter 9, MCA.

Program Indicators -

Indicator	Actual SFY2000	Actual SFY2001	Actual SFY2002	Estimated SFY2003	Requested SFY2004 **	Requested SFY2005 **
Service and enforcement contacts*	130,614	138,216	133,831	138,032	145,319	142,175
Trucks weighed	599,697	566,538	605,225	590,487	587,417	594,376

* A contact includes issuing oversize/overweight permits, performing commercial vehicle and driver safety inspections, issuing citations, taking commercial vehicle samples, and licensing transactions. Truck weights are a separate but related performance category.

** During FY 2004 and FY 2005, the Motor Carrier Services Division will transition from numerical performance indicators into an hour-based system.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	111.50	0.00	0.00	111.50	0.00	0.00	111.50
Personal Services	3,980,544	478,753	0	4,459,297	472,510	0	4,453,054
Operating Expenses	795,104	(6,765)	0	788,339	44,953	0	840,057
Total Costs	\$4,775,648	\$471,988	\$0	\$5,247,636	\$517,463	\$0	\$5,293,111
State/Other Special	4,775,648	471,988	0	5,247,636	517,463	0	5,293,111
Total Funds	\$4,775,648	\$471,988	\$0	\$5,247,636	\$517,463	\$0	\$5,293,111

**Department Of Transportation-5401
Motor Carrier Services Div.-22**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$50,000	FY05	\$0

PL- 2201 - Wyoming/Montana Joint Port Project -

The Montana Department of Transportation (DOT) and the Wyoming Department of Transportation are constructing a "joint" port-of-entry weigh station on Interstate 90 between Sheridan, Wyoming, and the Montana border servicing north and south-bound traffic. The facility will be staffed with up to twenty (20) Wyoming Officers who will enforce Montana commercial vehicle laws on Montana's behalf. After completion of the new facility in late 2005, Montana's existing Crow Agency Weigh Station will be closed and dismantled, and the two (2) MCS Officers currently assigned to the Crow Agency Weigh Station will be reassigned to another Montana facility. DOT is requesting \$50,000 state special revenue in FY 2005 to train Wyoming Officers to enforce State of Montana commercial vehicle laws, issue Montana oversize/overweight permits and collect Montana GVW fees.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$145,274	FY04	\$0
FY05	\$145,274	FY05	\$0

PL- 2202 - Overtime and Differential Pay -

This request is to reestablish base year overtime and differential pay with associated benefits. The biennial cost is \$290,548 state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,000	FY04	\$0
FY05	\$20,000	FY05	\$0

PL- 2203 - Increased Credit Card Usage -

In response to customer requests, MCS developed and implemented a credit card payment option for automated commercial motor carrier service transactions in late FY 1997. Increased customer use of these automated services has resulted in a corresponding increase in credit card fees from approximately \$21,500 in FY 1998 to nearly \$52,800 in FY 2002. MCS expects credit use to continue to grow and is therefore requesting an additional \$40,000 in highway state special revenue for the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,558	FY04	\$0
FY05	\$8,595	FY05	\$0

PL- 2204 - Equipment Rental -

The request includes \$16,153 state special revenue for the biennium to cover the Motor Carrier Services portion of the department's Equipment Program rate increase.

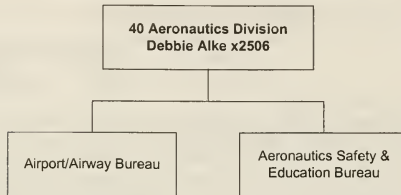
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$41,016)	FY04	\$0
FY05	(\$41,016)	FY05	\$0

PL- 2205 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Motor Carrier Services Division is \$41,016 state special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

Department of Transportation-5401

Aeronautics Program-40



Program Description - The Montana Aeronautics Division: 1) facilitates the maintenance of airports and the various components of airport infrastructure, including visual and electronic navigational facilities and flying aids; 2) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; 3) registers aircraft and pilots in accordance with Montana laws and regulations; and 4) coordinates and supervises aerial search and rescue operations. In accordance with the maintenance and safety aspects of the division's purpose, it administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The division serves in a liaison capacity between the State of Montana and various entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines to assure the retention and continuation of airline service to the rural communities of the state. The division also is responsible for operation of the air carrier airport at West Yellowstone and for 12 other state-owned airports. Montana Aeronautics Division is authorized by 2-15-2501(2), and Title 67, MCA; and various federal laws.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.00	0.00	0.00	10.00	0.00	0.00	10.00
Personal Services	408,651	49,033	0	457,684	49,757	0	458,408
Operating Expenses	296,799	203,878	3,600,000	4,100,677	32,835	0	329,634
Equipment	16,485	(6,594)	0	9,891	(6,594)	0	9,891
Grants	301,054	731,946	0	1,033,000	(301,054)	0	0
Transfers	25,452	0	0	25,452	0	0	25,452
Total Costs	\$1,048,441	\$978,263	\$3,600,000	\$5,626,704	(\$225,056)	\$0	\$823,385
State/Other Special	1,048,441	798,263	180,000	2,026,704	(225,056)	0	823,385
Federal Special	0	180,000	3,420,000	3,600,000	0	0	0
Total Funds	\$1,048,441	\$978,263	\$3,600,000	\$5,626,704	(\$225,056)	\$0	\$823,385

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,122	FY04	\$0
FY05	\$5,122	FY05	\$0

PL- 4003 - Overtime and Differential -

This request is to reestablish base year overtime and differential pay with associated benefits. The biennial cost is \$10,244 state special revenue.

Department Of Transportation-5401 **Aeronautics Program-40**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$7,436)	FY04	\$0
FY05	\$20,576	FY05	\$0

PL- 4004 - Program/Service Cost Adjustments -

This request includes operating adjustments made in order to maintain an adequate fund balance in the aeronautics state special revenue fund. A net decrease of \$7,436 is shown in FY 2004 and a net increase of \$20,576 is shown in FY 2005. The FY 2005 request includes \$30,000 for the Aeronautical Chart Revision required every four years by the FAA.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$731,946	FY04	\$0
FY05	(\$301,054)	FY05	\$0

PL- 4005 - Grant Increases - Biennial Appropriations -

The executive recommends an increase of \$731,496 state special revenue in FY 2004 and a decrease of \$301,054 state special revenue in FY 2005. Combined with the base, this will establish a biennial appropriation of \$1,032,550 for grants. The amount includes \$800,000 for grants to local airports for safety and development projects, \$225,000 for grants to assist air-carrier airports with pavement preservation, and \$7,550 for grants to municipalities for courtesy cars at qualified airports where rental cars are not available. These grants are provided for in 67-1-301, MCA, and 67-10-903, MCA. A biennial appropriation is requested for the grant authority

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 4006 - Statewide Plan Update - Biennial Appropriations -

The Federal Aviation Administration requires airport standard reviews and Capital Improvement Plan updates every five years. The executive recommends a biennial appropriation of \$20,000 state special revenue and \$180,000 federal special revenue to provide grants for these reviews and updates.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,800,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 4001 - Runway Rehab West Yellowstone Airport - Biennial -

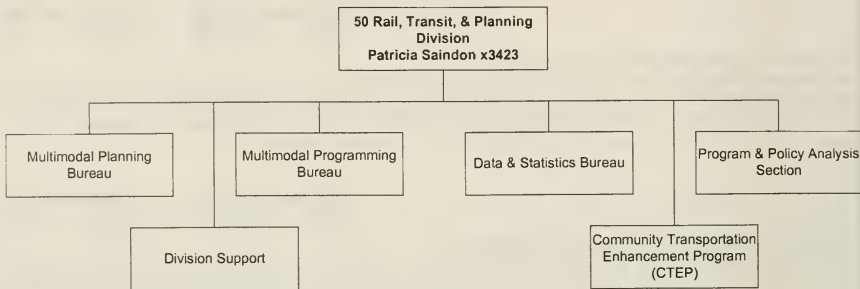
The West Yellowstone Airport runway is in need of a total rehabilitation of the runway pavement to maintain Federal Aviation Administration standards. This request is for a \$1,800,000 federal special revenue biennial appropriation. The Federal Aviation Administration will provide 90 percent of the funding and the \$200,000 match will come from the West Yellowstone Airport proprietary fund.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,800,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 4002 - Runway Rehab Lincoln Airport - Biennial Approp -

The Lincoln Airport runway is in need of a total rehabilitation of the runway pavement to maintain Federal Aviation Administration standards. This request for \$1,800,000 in a 2005 biennial appropriation includes \$1,620,000 federal special revenue and \$180,000 state special revenue. The Federal Aviation Administration will participate with 90 percent of the funding.

Department Of Transportation-5401 **Transportation Planning Divisi-50**



Program Description - The Rail, Transit and Planning Division provides: 1) an inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grant and federal funds, and aid the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; and 3) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US DOT, the Surface Transportation Board, and others. This planning results in a program of projects which includes buses for transit systems, street and highway improvements, railroad track rehabilitation, transportation enhancements for non-motorized use and beautification improvements. The division is authorized by 7-14-102, 15-70-101, Title 60, Chapters 3 & 11, and Title 61, Chapter 2, part 1, MCA.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Federal aid resources for Montana which lapsed and were made available to other states	0%	0%	0%	0%	0%	0%
High priority goals and objectives in the DOT long-range plan which progressed significantly or were completed	95%	96%	Plan Updated*	93% of new goals*	94%*	95%*

*Actual goals will not be established until January 2003

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	62.60	4.00	0.00	66.60	4.00	0.00	66.60
Personal Services	2,796,812	271,631	0	3,068,443	274,632	0	3,071,444
Operating Expenses	1,675,061	649,395	250,000	2,574,456	303,910	0	1,978,971
Equipment	19,274	0	0	19,274	0	0	19,274
Grants	3,793,592	2,668,750	0	6,462,342	2,668,750	0	6,462,342
Total Costs	\$8,284,739	\$3,589,776	\$250,000	\$12,124,515	\$3,247,292	\$0	\$11,532,031
State/Other Special	1,567,357	1,348,748	50,000	2,966,105	980,359	0	2,547,716
Federal Special	6,717,382	2,241,028	200,000	9,158,410	2,266,933	0	8,984,315
Total Funds	\$8,284,739	\$3,589,776	\$250,000	\$12,124,515	\$3,247,292	\$0	\$11,532,031

Department Of Transportation-5401
Transportation Planning Divisi-50

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$629,442	FY04	\$0
FY05	\$629,442	FY05	\$0

PL- 5002 - Transade (Trans. Assist. for the Disabled/Elderly) -

SB 448, passed by the 2001 Legislature, places a 25-cent fee on all vehicle registrations except trailers and semi-trailers to provide operating funds to counties, incorporated cities and towns, transportation districts or nonprofit organizations for transportation services for persons 60 years of age or older and for persons with disabilities. Revenue collected from FY 2002 and FY 2003 will be spent during FY 2004 and FY 2005. The request includes \$629,442 state special revenue each year of the biennium for this service.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,528,000	FY04	\$0
FY05	\$1,528,000	FY05	\$0

PL- 5003 - Federal Transit Administration Section 5309 -

The Federal Transit Administration (FTA) Section 5309 Program is for earmarked funds for transit capital assistance projects that are submitted through and supported by the Montana congressional delegation. The 2005 biennium allocation is estimated to be \$3,056,000 in federal special revenue. The funds are to be used for the procurement and/or construction of transit facilities and the purchase of vehicles.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$200,000	FY05	\$0

PL- 5004 - Traffic Data Processing Software -

The executive recommends \$49,188 state special revenue and \$150,812 federal special revenue each year of the biennium to develop traffic data processing software. The current software is not supported and does not meet necessary specifications. The request is included in the department's approved Information Technology Strategic Plan.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$298,244	FY04	\$0
FY05	\$297,822	FY05	\$0

PL- 5005 - FTE/Operating for Weigh-in-Motion (WIM) and STARS -

The department received a congressional earmark several years ago to develop, operate and evaluate a pilot program entitled the State Truck Activity Reporting System (STARS). The Legislature approved 4.00 FTE one-time-only the last two biennia for the pilot program. This request includes making the 4.00 FTE permanent and provides operating costs required to support the program. The executive recommends \$124,578 highway state special revenue and \$471,488 federal special revenue for the biennium to maintain the new Weigh-in-Motion (WIM) infrastructure and STARS permanently.

**Department Of Transportation-5401
Transportation Planning Divisi-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$14,281	FY04	\$0
FY05	\$14,281	FY05	\$0

PL- 5006 - Overtime and Differential -

This request is to reestablish base year overtime and differential pay with associated benefits. The 2005 biennial cost is \$28,562 comprised of \$6,384 state special revenue and \$22,178 federal special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$484,977	FY04	\$0
FY05	\$484,977	FY05	\$0

PL- 5008 – TEA 21 Federal Funding Increases -

The Transportation Enhancement Act of the Twenty-first Century (TEA 21) has increased the funding and requirements for implementing certain urban programs. Training of local city participants and utilization of these funds in the Billings, Great Falls and Missoula localities will require \$459,332 state special revenue and \$510,622 federal special revenue for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$46,804	FY04	\$0
FY05	\$42,894	FY05	\$0

PL- 5009 - Seasonal Contracted Services -

The Road Inventory and Mapping Section hires employees to accomplish the required field road inventory each year. In the past this was done using temporary FTE. In the future, employees will be hired through a temporary placement agency using contracted services funds. In order to complete the field road inventory, an additional amount of contracted services authority is requested to fund two temporary employees and travel expenses at a cost of \$21,776 highway state special revenue and \$67,922 federal special revenue for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$26,594	FY04	\$0
FY05	\$26,736	FY05	\$0

PL- 5010 - Travel Adjustment -

The program experienced reduced travel levels during FY 2002, primarily in the Urban and Planning Systems units. The executive recommends \$6,303 state special revenue and \$20,291 federal special revenue in FY 2004 and \$6,336 state special revenue and \$20,400 federal special revenue in FY 2005 to restore the travel budget to the necessary level.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$84,578	FY04	\$0
FY05	\$84,578	FY05	\$0

PL- 5011 - Senior/Disabled Vehicle Adjustment -

Each fiscal year, the department receives funding from the Department of Public Health and Human Services to purchase vehicles for agencies that serve the elderly and persons with disabilities. Due to a problem with certain vehicles that were purchased and delivered during FY 2002 but did not meet specifications, the full amount of this budget was not expended. It is expected that the full \$75,000 per year will be spent in the 2005 biennium. In addition, similar federal grants were not expended totally in FY 2002. The base will be restored to the level required to expend the maximum amount of funds allocated by DPHHS and the federal government by an adjustment of \$61,962 state special revenue and \$107,194 federal special revenue for the biennium.

Department Of Transportation-5401
Transportation Planning Divisi-50

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$343,321	FY04 \$0
FY05	\$0	FY05 \$0

PL- 5012 - Federal Earmark and Other Contracted Services -

Federal earmarked funds have been received for erecting geological signs and for implementing the Roadside Animal Detection System. In addition, a corridor study project called CANAMEX is in progress. These projects that began in FY 2002 cannot be completed until FY 2004. This adjustment provides the necessary authority to carry these projects to completion. This includes \$68,664 in highway state special revenue and \$274,657 in federal state special revenue for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$8,230	FY04 \$0
FY05	\$9,362	FY05 \$0

PL- 5013 - Equipment Rental -

The request includes \$3,940 state special revenue and \$13,652 federal special revenue for the biennium to cover the Transportation Planning Program portion of the department's Equipment Program rate increase.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$165,212)	FY04 \$0
FY05	(\$165,212)	FY05 \$0

PL- 5014 - Alternative Payplan Conversion -

During FY 2002, the department converted to the alternative payplan authorized in HB 13. The alternative payplan allows the department to compensate employees at a level necessary to recruit and retain a qualified department staff. The annual cost of the conversion for the Transportation Planning program is \$52,559 state special revenue and \$112,653 federal special revenue. The operating budget for the program is being reduced by a like amount to fund the conversion.

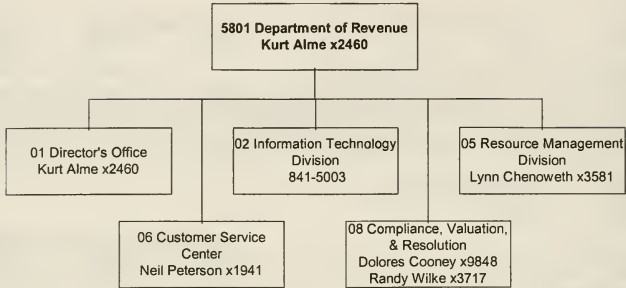
----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$250,000	FY04 \$0
FY05	\$0	FY05 \$0

NP- 5001 - Multimodal Transportation Corridor Tech Assist -

The department continuously monitors the Montana transportation systems to determine whether there are any significant trends or changes that could impact the system, Montana businesses and communities. This request for \$250,000 for the 2005 biennium will allow the department to obtain contracted services assistance to work with the Departments of Commerce and Agriculture, railroads, and local communities to evaluate the impacts on the system, including highways and economic impacts, and explore ways to preserve branch line service. Funding is \$50,000 non-restricted state special revenue and \$200,000 federal special revenue.

Department Of Revenue-5801



Mission Statement - To be a service oriented and accountable organization, where customers and employees are treated with courtesy, respect, and fairness; and where effective revenue, compliance, and collection services are provided to the public and to other governmental units in a fast, accurate, and cost effective manner.

Statutory Authority - Titles 2, 15, 16, 39, MCA

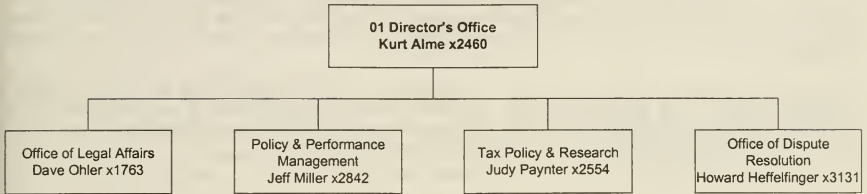
Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	663.53	1.00	(18.50)	646.03	1.00	(22.00)	642.53
Personal Services	24,006,775	2,253,898	(721,385)	25,539,288	2,258,936	(836,149)	25,429,562
Operating Expenses	8,700,168	944,847	61,678	9,706,693	646,364	39,069	9,385,601
Equipment	93,435	0	0	93,435	0	0	93,435
Debt Service	6,375	0	0	6,375	0	0	6,375
Total Costs	\$32,806,753	\$3,198,745	(\$659,707)	\$35,345,791	\$2,905,300	(\$797,080)	\$34,914,973
General Fund	28,078,749	3,012,093	(659,707)	30,431,135	2,718,216	(797,080)	29,999,885
State/Other Special	424,485	124,671	0	549,156	128,678	0	553,163
Federal Special	2,328,482	43,635	0	2,372,117	33,835	0	2,362,317
Proprietary	1,975,037	18,346	0	1,993,383	24,571	0	1,999,608
Total Funds	\$32,806,753	\$3,198,745	(\$659,707)	\$35,345,791	\$2,905,300	(\$797,080)	\$34,914,973

----- Agency General Fund Target - \$59.88 million -----

Actions included in the recommended new proposal plans for the Treasury Offset Program in program 06, NP-606, will generate net general fund revenue of about \$505,000 in the biennium and the unclaimed property adjustment in program 06, PL-602, will generate net general fund of about \$170,000. The reductions and the revenue together exceed the target.

Department Of Revenue-5801

Directors Office-01



Program Description - The Director's Office provides management control, policy direction, strategic planning, and legal services to assist the tax and liquor programs in fulfilling their responsibilities. The legal services staff advise other program staff and handle tax appeals before the State Tax Appeal Board and state courts. The Director's Office also includes the Policy and Performance Management unit, the Tax Policy and Research unit, and the Office of Dispute Resolution.

The Policy and Performance Management unit supports the department's core processes and is responsible for coordinating the strategic development of operating policies, budgets, rules, performance management, change management, and strategic planning for the department. The Tax Policy and Research unit is responsible for estimating state revenue, coordinating Department of Revenue legislation and fiscal notes, reviewing all legislation related to revenue, and conducting revenue-related research. The Office of Dispute Resolution has consolidated the department's dispute resolution efforts, including tax and liquor appeals, into a single location and process.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	37.00	0.00	(5.00)	32.00	0.00	(5.00)	32.00
Personal Services	2,024,982	21,398	(252,345)	1,794,035	22,185	(251,735)	1,795,432
Operating Expenses	517,538	62,399	(13,260)	566,677	(74,381)	(13,260)	429,897
Equipment	15,392	0	0	15,392	0	0	15,392
Total Costs	\$2,557,912	\$83,797	(\$265,605)	\$2,376,104	(\$52,196)	(\$264,995)	\$2,240,721
General Fund	2,526,235	(17,951)	(265,605)	2,242,679	(144,144)	(264,995)	2,117,096
State/Other Special	300	(300)	0	0	(300)	0	0
Federal Special	800	102,553	0	103,353	92,753	0	93,553
Proprietary	30,577	(505)	0	30,072	(505)	0	30,072
Total Funds	\$2,557,912	\$83,797	(\$265,605)	\$2,376,104	(\$52,196)	(\$264,995)	\$2,240,721

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$265,605)	FY04	(\$265,605)
FY05	(\$264,995)	FY05	(\$264,995)

NP- 102 - Reduce Agency Support Functions-Policy Performance -

In order to achieve the required reductions, the department has had to carefully review all roles within the department and put them in priority order as directly related to the core mission of the department. Although the functions of Change Management, Performance Management, Management Specialist and Strategic Planning are important support components to a well-run and accountable organization the size of the department, they are, nonetheless, not as directly

Department Of Revenue-5801

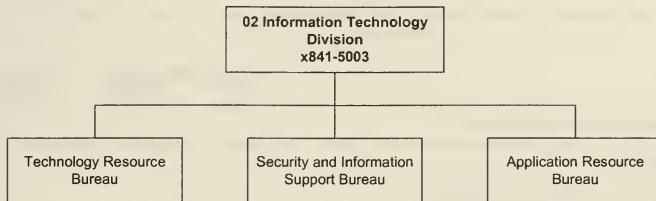
Directors Office-01

connected to the activities of tax compliance and statewide uniform appraisal processes as other positions within the department. The department is proposing in this decision package eliminating the following positions: Change Management (2.00 FTE), Performance Management (1.00 FTE), Management Analyst (1.00 FTE) and Strategic Planning (1.00 FTE).

Essential statutory duties of this process, such as maintaining goals and objectives, key performance indicators developing strategic plans, addressing change management issues, and other duties of the above roles will be consolidated into the one remaining position. This will reduce capacity and effectiveness in these areas, but with the one remaining staff person the department will meet the minimum statutory requirements.

Department Of Revenue-5801

Information Technology-02



Program Description - The Information Technology Program is responsible for planning, coordinating, delivering, and controlling information resources for the department. The program is responsible for managing all computing services provided to the department, including integrating and managing desktop, mid-tier, and mainframe applications as well as network support services.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	36.25	0.00	0.00	36.25	0.00	0.00	36.25
Personal Services	1,711,360	154,170	0	1,865,530	154,437	0	1,865,797
Operating Expenses	793,176	355,707	300,000	1,448,883	113,118	300,000	1,206,294
Equipment	20,047	0	0	20,047	0	0	20,047
Total Costs	\$2,524,583	\$509,877	\$300,000	\$3,334,460	\$267,555	\$300,000	\$3,092,138
General Fund	2,078,658	708,192	300,000	3,086,850	465,870	300,000	2,844,528
Federal Special	374,214	(190,849)	0	183,365	(190,849)	0	183,365
Proprietary	71,711	(7,466)	0	64,245	(7,466)	0	64,245
Total Funds	\$2,524,583	\$509,877	\$300,000	\$3,334,460	\$267,555	\$300,000	\$3,092,138

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$250,000	FY04 \$250,000
FY05 \$0	FY05 \$0

PL- 203 - Oracle Upgrade for POINTS (Restricted/Bien/OTO) -

The last upgrade to the POINTS Oracle software, from version 6.0 to 6i, was performed early in FY 2001. That project required a team of 10 developers for five months and cost approximately \$225,000.

The DOR anticipates that future upgrades to Oracle software will occur on a two-three year cycle, with a similar level of effort, and require costs in the range of \$250,000 - \$300,000. Base year FY 2002 does not include funding for Oracle software upgrades. To maintain currency DOR must plan for one Oracle upgrade for the 2005 biennium.

Department Of Revenue-5801

Information Technology-02

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$300,000
FY05	\$300,000	FY05	\$300,000

NP- 210 - Discontinuing POINTS Phase II -

See NP-809 for the related costs in program 08 (Compliance, Valuation, and Resolution) associated to discontinuing POINTS phase II.

Additional Funding for POINTS Maintenance

Currently the department has 18.00 FTE in the Information Technology Applications Process. This number includes 16 programmer analysts and two managers. Of those, 11 programmer analysts and one manager are assigned to POINTS maintenance, augmented for the past three years by a 12 member full-time IT consultant and professional staff. This staffing level was consistent with the large-scale development effort the department had undertaken during this period. With the decision not to pursue funding to implement Phase II of the POINTS project, contractor-staffing levels will be reduced to five contract programmers. This combination of FTE and supplemental IT consultant and professional staff will be needed to perform POINTS maintenance over the next biennium.

The FY 2002 base funding for IT consultant and professional staff in the department IT program was \$329,000. These funds are used to contract for specific skill sets through the MIS services contract. Services include development, analysis and programming in the following areas: maintaining the Oracle based One Stop Licensing System; visual basic programming and development; POINTS production recovery functions and peak processing support; interface analysis and programming between mainframe and Oracle environments; Database Administration for POINTS and legacy systems.

The skill areas shown above are either under represented or not resident within the department IT staff. Additional funding of \$250,000 each year of the biennium will retain "resident" expert contract developers and programmer/analysts for highly complex modules in POINTS such as accounting, returns processing, case management, and forms & correspondence. This amount, when added to base funding, will cover the costs of five full-time IT consultant and professional staff at current MIS services contract rates.

Increased Mid-Tier Service Level Agreement Costs

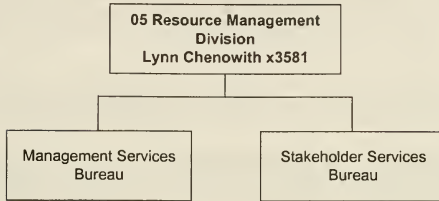
Within state government the department is responsible for the largest share of payments for ITSD hosted mid-tier support through Service Level Agreements (SLA). The department's costs in base year FY 2002 for mid-tier services were approximately \$720,000 divided between development efforts paid for from bonded funds and production expenditures from HB 2 funds. With the decision not to pursue funding to implement Phase II of the POINTS project the sizing of the department's mid-tier needs will be adjusted downward. Nonetheless, the base level funding will be insufficient to cover anticipated FY 2004 and FY 2005 requirements. The precise amount is a function of mid-tier space required to support the application and the rate structure established by ITSD.

With these anticipated reductions in the department's needs for the 2005 biennium, at current rates, estimated mid-tier costs would be more than \$600,000 annually. Since the mid-tier environment is shared among many agencies, and rates are computed based on a percentage of the cost recovery method ITSD has in place, there could also be an increase in these rates for other agencies.

Given our estimates of department database needs, along with potential changes in rate calculations, the department estimates that an increase over the base year FY 2002 for mid-tier support will be \$50,000 each year of the biennium.

Department Of Revenue-5801

Resource Management-05



Program Description - The Resource Management Program provides service and support to the department by integrating the human resources, accounting, facilities management, communications, and training and education functions of the department. The Liquor Distribution unit is managed in this program.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	39.50	0.00	(1.00)	38.50	0.00	(1.00)	38.50
Personal Services	1,679,893	67,535	(31,651)	1,715,777	69,573	(31,620)	1,717,846
Operating Expenses	560,745	(21,317)	(2,652)	536,776	(15,641)	(2,652)	542,452
Equipment	41,816	0	0	41,816	0	0	41,816
Total Costs	\$2,282,454	\$46,218	(\$34,303)	\$2,294,369	\$53,932	(\$34,272)	\$2,302,114
General Fund	1,172,470	(77,395)	(34,303)	1,060,772	(75,906)	(34,272)	1,062,292
Federal Special	0	97,296	0	97,296	97,296	0	97,296
Proprietary	1,109,984	26,317	0	1,136,301	32,542	0	1,142,526
Total Funds	\$2,282,454	\$46,218	(\$34,303)	\$2,294,369	\$53,932	(\$34,272)	\$2,302,114

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$34,303)	FY04 (\$34,303)
FY05 (\$34,272)	FY05 (\$34,272)

NP- 504 - Reduce Agency Support Function-Resource Management -

In order to achieve the required reductions, the department has had to carefully review all roles within the department and put them in priority order as directly related to the core mission of the department. Although the following function in Resource Management is an important support component, it is not as directly connected to the activities of tax compliance and statewide uniform appraisal processes as other positions within the department. The department is proposing in this decision package eliminating a 1.00 FTE Training Officer position.

Due to other budget reductions, the department training program has been reduced and, therefore, a training position can be eliminated. There will be two training positions remaining in the department. One will be devoted primarily to POINTS training and the other will conduct agency-wide training and coordinate role specific training. Only core classes and training deemed immediately critical for our employees to do their jobs will be provided. Some classroom training will be replaced by a more structured on-the-job-training program. Educational programs designed for the public will also be reduced, resulting in a less informed and possibly more frustrated public.

Department Of Revenue-5801

Resource Management-05

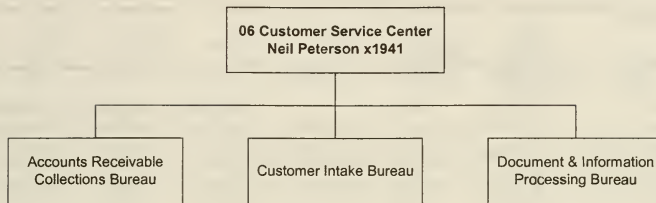
Language Recommendations – "Liquor division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profit and taxes to appropriate accounts are appropriated from the liquor enterprise fund (06005) to the department in amounts not to exceed \$67,588,169 in fiscal year 2004 and \$70,782,541 in fiscal year 2005."

"In the liquor division, upon a termination that requires a payout of accrued leave balances, liquor division proprietary funds are appropriated from the liquor enterprise fund (06005) to the department in the amount equal to the payout of the accrued leave balances, not to exceed \$30,000 for each of fiscal years 2004 and 2005."

"In the event the department is unable to meet statutory service levels due to the increase in demand for liquor products, the department is allowed to hire additional temporary employees or pay overtime, whichever is determined to be the more cost effective, to maintain required service levels to stores. The department is appropriated from the liquor enterprise fund (06005) for additional costs not to exceed \$40,000 for each of fiscal years 2004 and 2005."

Department Of Revenue-5801

Customer Service Center-06



Program Description - The Customer Service Center Program combines the document and information processing, accounts receivable and collections, and customer intake processes into a single business unit designed to collect revenue, process documents, provide taxpayer information and process liquor licenses for the department and agency partners.

Program Indicators -

Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	2003 Projected	2004 Projected	2005 Projected	2006 Projected
Customer Service Call Center	70%	74%	79%	79%	75%	75%	75%	75%
Timeliness of Refunds	45 Days	46 Days	45 Days	31 Days	45 Days	45 Days	45 Days	45 Days
Electronically Filed Tax Returns	59,300 (29%)	77,255 (30%)	109,045 (41%)	**139,500 (28%)	174,000 (25%)	208,800 (20%)	240,120 (15%)	270,120 (12%)
Employee Retention			91%	92%	92%	92%	92%	92%

** This is based on estimated electronically filed tax returns for the periods of January through September 2002.

NOTE: This table represents "calendar year" statistics. The figures and percentages identified above are (averages) based on quarterly or yearly statistics.

- Customer Service Call Center - These performance indicators are quality and efficiency measures. They represent the percentage of incoming phone calls answered by call center representatives without transferring them to a specialist. The percentages are based on the overall average and do not include abandoned calls.
- Timeliness of Refunds - These performance indicators are efficiency measures. They represent the average number of days for a tax refund to be issued for paper returns filed. It is based on the timeframe between the applicants' "date of signature" to the date the refund was issued by the department. Refund claims received early in the filing season are normally processed within a matter of 2 weeks from date of signature. Claims received later in the processing season require a longer turn around time. Taking into account a more representative weighted averaging, internal processing improvements, and the increase utilization of electronic filing, the department expects to make significant improvement in the timeliness of refund processing.
- Electronically Filed Tax Returns - These performance indicators are efficiency measures. They represent the annual increase in the number of electronically filed returns received by the department (E-File, T-File, On-line filing). (**Calendar year 2002 data for this indicator is based on estimates through September.)
- Employee Retention - This performance indicator is a measure of quality for the department. This measures the percent turnover where percent equals the number of positions who vacate and leave the department (not internal movement, nor includes short term, temporary or vacancy savings) over total staff.

Department Of Revenue-5801 Customer Service Center-06

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	119.00	1.00	0.00	120.00	1.00	0.00	120.00	
Personal Services	3,647,992	336,106	0	3,984,098	338,914	0	3,986,906	
Operating Expenses	2,030,746	142,433	(88,000)	2,085,179	159,223	(97,000)	2,092,969	
Total Costs	\$5,678,738	\$478,539	(\$88,000)	\$6,069,277	\$498,137	(\$97,000)	\$6,079,875	
General Fund	3,798,469	361,447	(88,000)	4,071,916	380,332	(97,000)	4,081,801	
State/Other Special	239,943	116,454	0	356,397	117,167	0	357,110	
Federal Special	877,561	638	0	878,199	638	0	878,199	
Proprietary	762,765	0	0	762,765	0	0	762,765	
Total Funds	\$5,678,738	\$478,539	(\$88,000)	\$6,069,277	\$498,137	(\$97,000)	\$6,079,875	

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$52,446	FY04	\$0
FY05	\$52,336	FY05	\$0

PL- 602 - Restore OTO from 03B - Unclaimed Property Auditor -

The Uniform Unclaimed Property Act adopted by the State of Montana July 1, 1997, requires a continuance of its audit program to ensure and increase compliance with the state's unclaimed property laws.

During the 2001 legislative session, the DOR was authorized state special revenue fund appropriation authority and 1.00 FTE for an unclaimed property auditor. This position was established to perform abandoned property audits and increase compliance with Montana's Unclaimed Property Statutes. The Legislature identified the position and funding as an OTO, until the outcome of the position could be demonstrated.

In FY 2002, this auditor performed 39 audits with total collections of \$218,014. Approximately 40 percent of the collections will be returned to the rightful owner, resulting in an increase of \$130,808 in revenue to the State of Montana, of which approximately \$44,000 is used to pay for the unclaimed property auditor position and the remainder going to the general fund. Therefore, the total net benefit to the state's general fund is anticipated to be approximately \$170,000 for the biennium.

Unclaimed property is a commonly misunderstood and unknown obligation by many businesses. Unclaimed property's anonymous nature requires an active compliance program to ensure property is collected and distributed to its rightful owners. DOR's success in audit assessments is evidence of the need for an audit program; therefore, we are requesting to retain the 1.00 FTE for the unclaimed property auditor.

	<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$11,362	FY04	\$11,362
FY05	\$11,481	FY05	\$11,481

PL- 604 - Compliance Staff Operating Costs -

During the August 2002 Special Session, the legislature approved the addition of 13.30 FTE to the DOR. The 13.30 FTE were comprised of 3.30 collectors in the Customer Service Center and 10.00 auditors in the Compliance Valuation & Resolution Program. The purpose of the additional FTE was to increase the DOR compliance staff to enhance individual income tax revenue. The personal services costs related to these FTE have been included in the DOR adjusted base. However, the FY 2002 base does not include for the additional operating costs for the FTE. The related operating costs are for travel related to audits completed by the auditors, as well as rent, computer, and telephone connections, and supplies for the additional staff.

Department Of Revenue-5801
Customer Service Center-06

----- **New Proposals** -----

Total Agency Impact

FY04	(\$90,000)
FY05	(\$90,000)

General Fund Total

FY04	(\$90,000)
FY05	(\$90,000)

NP- 603 - Reduction of Computer Processing -

The department will reduce its ITSD charges over the next biennium by \$180,000. The primary reason for this reduction is the running of batch processing jobs during off business hours. The main impact of this change will be a one-day delay in updating our databases. This change will primarily affect the BEV/MOD systems. The department has also looked at storage costs for data and determined there are additional reductions that can be realized in that area.

Total Agency Impact

FY04	\$27,000
FY05	\$18,000

General Fund Total

FY04	\$27,000
FY05	\$18,000

NP- 606 - Treasury Offset Program -

The IRS Restructuring and Reform Act of 1998 authorized states to participate in the Federal Refund Offset Program. Under this act, states may now send a list of eligible taxpayers with delinquent state tax debts to the Treasury's Financial Management Service (FMS). FMS will withhold any federal tax refund to be applied against the state tax delinquency. This program is referred to as the Treasury Offset Program (TOP). In late 2000 there were 10 states participating in TOP, in early 2002 there were 23 states participating. According to the federal government there are over 800,000 state tax debts in the TOP database representing \$2.9 billion. In FY 2000 the TOP program collections were \$24.1 million, and in FY 2001 collections grew to \$84.7 million.

We believe that the State of Montana can benefit greatly from TOP as well. Based on the success stories of other states involved in the program, we estimate that federal offset revenues for the State of Montana could be over \$450,000 for the biennium. This projection differs from our original estimations because our comparisons are based on statistics from similar states, not statistical averages from all states participating.

We have also scaled back startup costs associated with this program by using TOP's smallest offset system version. Instead of using "Connect Direct" (on-line system) we plan to use their "Connect Mail Box" (standalone PC/modem) version. Using "Connect Mail Box" will reduce the volume of activity we can send back and forth to FMS. Because of this reduction in activity volume, our revenue projections are less than originally anticipated.

Anticipated revenue is \$250,000 in FY 2004 and \$300,000 in FY 2005 for \$550,000 less costs \$45,000 = \$505,000 net revenue for the biennium.

Total Agency Impact

FY04	(\$25,000)
FY05	(\$25,000)

General Fund Total

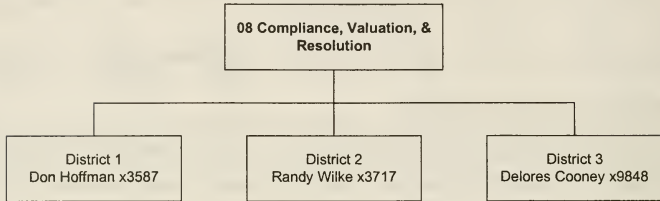
FY04	(\$25,000)
FY05	(\$25,000)

NP- 607 - Eliminate GenTran Maintenance Contract -

In base year 2002 the department had a maintenance contract to support the GenTran software. The GenTran software is used to transfer federal withholding tax information from the MTQ 941 quarterly report to the IRS. This software is used once a quarter. It is mature software and the department believes the risks associated with not keeping this maintenance contract are not substantial. In-house technology staff have been trained to support this software, if problems were to arise.

Department Of Revenue-5801

Compliance Valuation And Resolution-08



Program Description - The Compliance, Valuation, and Resolution Program administers audits and appraisals to ensure the tax paying entities are in compliance with laws. The program is responsible for consistent valuation of properties statewide for purposes of property taxation. The program is located throughout the state in eight regions to provide efficient operations and customer service.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	431.78	0.00	(12.50)	419.28	0.00	(16.00)	415.78
Personal Services	14,942,548	1,674,689	(437,389)	16,179,848	1,673,827	(552,794)	16,063,581
Operating Expenses	4,797,963	405,625	(134,410)	5,069,178	464,045	(148,019)	5,113,989
Equipment	16,180	0	0	16,180	0	0	16,180
Debt Service	6,375	0	0	6,375	0	0	6,375
Total Costs	\$19,763,066	\$2,080,314	(\$571,799)	\$21,271,581	\$2,137,872	(\$700,813)	\$21,200,125
General Fund	18,502,917	2,037,800	(571,799)	19,968,918	2,092,064	(700,813)	19,894,168
State/Other Special	184,242	8,517	0	192,759	11,811	0	196,053
Federal Special	1,075,907	33,997	0	1,109,904	33,997	0	1,109,904
Total Funds	\$19,763,066	\$2,080,314	(\$571,799)	\$21,271,581	\$2,137,872	(\$700,813)	\$21,200,125

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$84,756	FY04 \$84,756
FY05 \$92,659	FY05 \$92,659

PL- 801 - Request for Leased Vehicles -

The department currently operates a fleet of 83 owned vehicles and 74 vehicles leased from the State Motor Pool. During the 2001 legislative session, the DOR was required to mitigate a supplemental appropriation request for the Customer Service Center. Part of the mitigation resulted in the elimination of the department's decision package for additional leased vehicles for the 2003 biennium. The department was provided funding of \$14,740 in the first year of the biennium for leased vehicles. This enabled the department to temporarily lease seven vehicles in FY 2002 from the state motor pool. Of the 83 department owned vehicles, currently 43 vehicles have in excess of 100,000 miles.

The department proposes to lease 21 more vehicles from the motor pool over the 2005 biennium. In turn, we propose to dispose of 21 department older less reliable vehicles, maintaining an overall fleet of 157 vehicles. The department owned and leased vehicles are used primarily by staff to perform field inspections, property appraisals, audits of in-state taxpayers, and travel for training and meetings.

Department Of Revenue-5801

Compliance Valuation And Resolution-08

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$69,230	FY04	\$69,230
FY05	\$69,590	FY05	\$69,590

PL- 803 - Compliance Staff Operating Costs -

During the August 2002 Special Session, the Legislature approved the addition of 13.30 FTE to the DOR. The 13.30 FTE were comprised of 3.30 collectors in the Customer Service Center and 10.00 auditors in the Compliance Valuation & Resolution Program. The purpose of the additional FTE was to increase the compliance staff to enhance individual income tax revenue. The personal services costs related to these FTE have been included in the adjusted base. However, the FY 2002 base does not add operating costs for the FTE. The related operating costs are for travel related to audits completed by the auditors as well as, rent, computer and telephone connections, and supplies for the additional staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$65,500	FY04	\$65,500
FY05	\$65,500	FY05	\$65,500

PL- 804 - Increase in Contract Costs for CAMA System -

This adjustment to accommodate the increased cost of maintaining the legacy Computer Assisted Mass Appraisal System (CAMAS). Based on the recent enhancements to that legacy system made with the funding provided by HB 3, the vendor Cole Layer Trumble (CLT) has now estimated the annual maintenance costs will increase from base year 2002 of \$105,200 to \$170,700 per year. Given this is a proprietary software application, we do not have the option of performing this maintenance with our own staff. Contracting for this maintenance has been an annual expense for many years; this requests funding on what CLT has now estimated to be the future required level of maintenance.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$12,600)	FY04	(\$12,600)
FY05	(\$12,600)	FY05	(\$12,600)

NP- 805 - Eliminate Participation in External Organization -

The department currently participates the Federal Tax Administrators (FTA) organization. Participation in this organization allows the state to remain current with best practices, innovative ideas, national trends and provides a critical resource for analyzing and implementing new proposals. Because of budget constraints the department has had limited attendance with this organization over the 2003 biennium.

The department plans to eliminate participation in the FTA organization for the 2005 biennium. Maintaining contacts via publications and e-mail list serves will partially mitigate our inability to maintain active participation in this organization.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$140,000)	FY04	(\$140,000)
FY05	(\$140,000)	FY05	(\$140,000)

NP- 806 - Reduction of Computer Replacements -

This decision package will reduce technology funding for the department. The department will reduce PC and related hardware purchases over the next biennium by \$280,000. This reduction may hinder the department in maintaining a four year replacement cycle. However, given the fact that there may be a reduction in FTE in the department, a reduction of PC purchases over the next biennium appears feasible.

Department Of Revenue-5801

Compliance Valuation And Resolution-08

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$14,000)	FY04	(\$14,000)
FY05	(\$14,000)	FY05	(\$14,000)

NP- 807 - Eliminate MOU with Yellowstone County -

In base year 2002 the department had a memo of understanding with Yellowstone County for start-up costs related to the Geographic Information System. In the future the department will provide in-kind services, rather than payment to Yellowstone County; therefore, the department will save \$28,000 of operating costs in the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$406,791)	FY04	(\$406,791)
FY05	(\$531,695)	FY05	(\$531,695)

NP- 808 - Reduction of Property Tax Services -

In an effort to meet target budgets from the OBPP, this decision package proposes to reduce staffing in property tax and to eliminate amounts paid to Information Technology Services Division (ITSD) in the Department of Administration for support of the Geographic Information System (GIS) cadastral application.

The reduction in staff and operational expenses contained in this package will reduce property tax staffing levels to the lowest levels in the last ten years. It will have an impact on the department's ability to complete annual appraisal work and on the department's ability to mount future reappraisals.

Reappraisal

With respect to personal services, there are 13.00 FTE associated with this part of the negative decision package. There are six positions that will be eliminated July 1, 2003, and an additional seven positions January 1, 2004. The make-up of those FTE are:

<u>Number of FTE</u>	<u>Job Title</u>
1.00	Regional Lead
1.00	Industrial Appraiser
3.00	Specialist
1.00	Property Valuation Specialist
7.00	Appraisers

The staff reductions associated with this decision package will curtail many of the key reappraisal activities associated with market model and income model development. These activities would help the department cost-effectively carry out the next reappraisal.

GIS Service Level Agreement with ITSD

There are no personal services associated with this budget reduction. However, the budget does impact operational expenses in the amount of \$91,000.

The department currently has a service level agreement with the Department of Administration, Information Technology Services Division (ITSD), for Geographic Information System cadastral application and database support services. In support of the system, the department agreed to pay \$45,500 in both FY 2002 and FY 2003. As part of a prior budget reduction, the department, with the approval of ITSD, will only pay \$30,500 in FY 2003. The department's inability to fund maintenance of the GIS section of ITSD may impact the valuable resources and databases developed and maintained by this program. The cadastral maps serve as source documents for locating and valuing property. The GIS applications associated with this effort provide a major portion of the department's quality assurance abilities necessary to confirm appraisal quality.

Department Of Revenue-5801
Compliance Valuation And Resolution-08

Total Agency Impact

FY04	(\$176,391)
FY05	(\$210,068)

General Fund Total

FY04	(\$176,391)
FY05	(\$210,068)

NP- 809 - Discontinuing POINTS Phase II -

See NP-210 for the related costs in program 02 (Information Technology) associated to discontinuing POINTS II.

Operating savings associated to discontinuing POINTS Phase II implementation

The decision to discontinue POINTS Phase II presents the opportunity to realize savings in two other areas. The first is a reduction in fixed costs rent for the Armory Building. Currently the department is leasing space in the old National Guard Armory sufficient to house the entire Applications Team, their management, the additional contractors associated to the development project (POINTS II), the business analysts assigned to the project and a team of testers. Once this technical and project team is scaled down, and team members are returned to previous roles within the department, the department will relocate the remaining IT applications team and the testers to existing space in the Liquor Warehouse. Considering an estimated one-time moving cost of \$30,000 and rent savings of \$198,180 for the biennium, the net negative decision package is \$168,180 for the biennium.

The second area of identified savings is a reduction in the size of testing staff. Presently the department has 6.00 FTE assigned to a full time testing team. With the decision to discontinue POINTS II implementation, the need for testers will drop to 1.00 FTE testing lead and 2.00 FTE testers. This smaller team will continue testing responsibilities for any defect or enhancement that is made to the application in production. Therefore, the negative decision package associated to the elimination of 3.00 FTE testers will result in savings of \$109,248 in FY 2004 and \$109,031 in FY 2005.

----- Other Legislation Required to Implement HB 2 -----

Total Agency Impact

FY04	\$177,983
FY05	\$207,550

General Fund Total

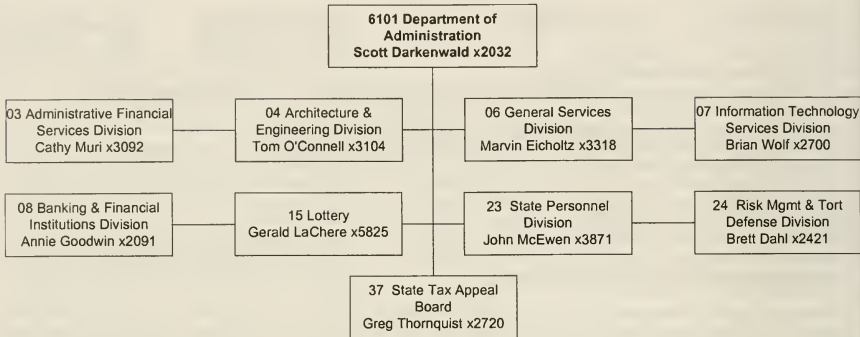
FY04	\$177,983
FY05	\$207,550

NP- 8002 - Field Office Rent -

The department pays rent for office space for department staff in county buildings outside of Helena. The department has base year 2002 funding to pay rental costs, but does not have funding to pay increased costs in FY 2004 and FY 2005. Therefore, the department requested additional funding to cover increased field office rent costs in the 2005 biennium.

Section 15-8-102, MCA, provides counties the ability to charge the department rent for space that the department occupies in the county offices. The rate cannot exceed the amount charged by the Department of Administration to other state agencies. This law change was approved in the 1999 session. Prior to that change, counties were required to allow the department to occupy space in the counties without paying rent. This decision package is contingent on passage of legislation freezing the rate the department would pay to the counties for rent at the FY 2003 rate of \$4.88/sq ft. This is an increase over base year 2002 funding at a rate of \$4.77/sq ft. If this legislation is not passed and this decision package not approved, the department will have to request additional funding of \$240,708 in FY 2004 and \$281,545 in FY 2005, instead of the amounts currently requested of \$177,983 in FY 2004 and \$207,550 in FY 2005, a difference of \$136,720 over the biennium.

Department Of Administration-6101



Mission Statement - The Department of Administration seeks to deliver superior and responsive services to agencies, employees and the public while minimizing costs and maximizing effectiveness. These services are delivered through:

1. continuing to refine procedures;
2. fostering government coordination and cooperation;
3. promoting access to services; and
4. developing innovative uses for emerging technologies.

Statutory Authority - Title 2, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	145.38	1.75	0.54	147.67	1.75	0.54	147.67
Personal Services	6,146,865	967,134	105,739	7,219,738	960,885	(247,230)	6,860,520
Operating Expenses	7,423,915	1,111,715	1,848,289	10,383,919	1,248,498	(224,800)	8,447,613
Equipment	462,735	(414,000)	0	48,735	(414,000)	0	48,735
Local Assistance	23,313	0	0	23,313	0	0	23,313
Transfers	933,055	0	(382,018)	551,037	0	(382,169)	550,886
Debt Service	1,177,627	0	0	1,177,627	(1,145,577)	0	32,050
Total Costs	\$16,167,510	\$1,664,849	\$1,572,010	\$19,404,369	\$649,806	(\$854,199)	\$15,963,117
General Fund	4,195,717	439,722	(860,969)	3,774,470	486,272	(878,041)	3,803,948
State/Other Special	2,673,474	638,473	300,649	3,612,596	665,357	300,651	3,639,482
Federal Special	503,119	29,932	2,379,657	2,912,708	28,944	130,531	662,594
Capital Projects	933,055	11,542	(433,055)	511,542	18,369	(433,055)	518,369
Proprietary	7,862,145	545,180	185,728	8,593,053	(549,136)	25,715	7,338,724
Total Funds	\$16,167,510	\$1,664,849	\$1,572,010	\$19,404,369	\$649,806	(\$854,199)	\$15,963,117

----- Agency General Fund Target - \$7.61 million -----

Department Of Administration-6101 **Governor Elect Program-02**

02 Governor Elect Program

Program Description - The Governor Elect Program pays start-up costs for the incoming Governor, as required by 2-15-221, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	50,000	0	50,000
Total Costs	\$0	\$0	\$0	\$0	\$50,000	\$0	\$50,000
General Fund	0	0	0	0	50,000	0	50,000
Total Funds	\$0	\$0	\$0	\$0	\$50,000	\$0	\$50,000

----- Present Law Adjustments -----

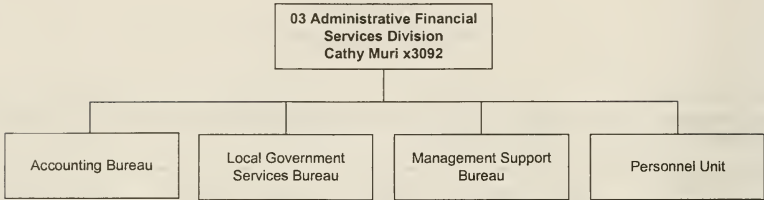
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$50,000	FY05	\$50,000

PL- 201 - Governor-elect appropriation -

Montana statute (2-15-221, MCA) requires the department to provide funding to a governor-elect and his/her staff for the period between the general election and the inauguration in the event of a change in office as a result of the 2004 general election. The department requests \$50,000 in FY 2005.

Department Of Administration-6101

Admin Financial Serv Division-03



Program Description - The Administrative Financial Services Division consists of several units. The Director's Office is responsible for overall supervision and coordination of agency programs and administratively-attached boards and agencies. The Legal Unit provides legal services to agency and administratively-attached programs. The Accounting Bureau is the process owner of the financial portion of the Statewide Budgeting, Accounting and Human Resource Systems (SABHRS), establishes state accounting policies and procedures, administers the federal Cash Management Improvement Act, processes warrants for all state agencies, and prepares the state Comprehensive Annual Financial Report (CAFR). The Management Support Bureau and Personnel function provides financial, budgeting, accounting, personnel, payroll, and data processing functions for the department. Local Government Services Bureau provides technical assistance and training to local government accounting and financial personnel and defines, reviews and enforces auditing requirements for Montana's local governments. The Consumer Affairs Office advocates on behalf of Montana's consumers in matters of unfair or deceptive acts in the conduct of any business.

The Accounting Bureau participated in the conversion of accounting occupations to the competency project and adjusted pay by \$28,517 in FY 2002. These increased expenditures were funded by operating cost savings in excess of \$158,000 thereby eliminating the budget impact of the pay adjustments in the 2005 base budget.

Program Indicators -

Indicator	Actual 2000	Actual 2001	Actual 2002	Estimated 2003	Requested 2004	Requested 2005
LGS Systems Program On Site Assistance (Hours)	4340	5361	5140	5700	5700	5700
LGS Audit Review Program Local Government Audits	455	449	471	470	470	470

LGS Audit Review Program

The number of audits reported above as actual for FY 2000, FY 2001, and FY 2002 represents the number of audit reports actually received by the program during those three fiscal years. The audits received during FY 2000 actually covered FY 1999, or were biennial audits and covered FY 1998 and FY 1999. The audits received during FY 2001 actually covered FY 2000, or were biennial audits and covered FY 1999 and FY 2000. The audits received during FY 2002 actually covered FY01, or were biennial audits and covered FY 2000 and FY 2001. Since audits are always conducted after the close of the last fiscal year of the audit period, there is always a lag in the time taken to perform the audits and when the audits are submitted to the program.

Department Of Administration-6101

Admin Financial Serv Division-03

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	31.92	1.75	(6.33)	27.34	1.75	(6.33)	27.34
Personal Services	1,435,246	216,453	(393,143)	1,258,556	213,824	(392,130)	1,256,940
Operating Expenses	452,632	54,071	45,111	551,814	30,333	44,259	527,224
Local Assistance	22,133	0	0	22,133	0	0	22,133
Total Costs	\$1,910,011	\$270,524	(\$348,032)	\$1,832,503	\$244,157	(\$347,871)	\$1,806,297
General Fund	1,774,799	140,340	(450,028)	1,465,111	120,432	(449,869)	1,445,362
State/Other Special	54,405	104,581	1,922	160,908	98,324	1,924	154,653
Federal Special	39,775	22,859	100,074	162,708	22,745	100,074	162,594
Proprietary	41,032	2,744	0	43,776	2,656	0	43,686
Total Funds	\$1,910,011	\$270,524	(\$348,032)	\$1,832,503	\$244,157	(\$347,871)	\$1,806,297

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$6,333	FY04 \$6,333
FY05 \$6,460	FY05 \$6,460

PL- 301 - Rent Increase LGS -

The Management Services Program of the Local Government Services Bureau is requesting additional authority for the upcoming rent increase for the space they occupy in the old federal building. This increase will be paid from the general fund and the estimated biennial cost for this increase will be \$12,793.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$38,090	FY04 \$38,090
FY05 \$28,070	FY05 \$28,070

PL- 306 - Fund Burial Preservation Board -

The Burial Preservation Board was transferred from the Department of Commerce to the Department of Administration by Chapter 483, Laws of 2001. However, the Department of Administration received no funding for the board for the 2003 biennium. In addition, the Montana Repatriation Act was enacted in Chapter 558, Laws of 2001, to provide a mechanism to repatriate culturally-affiliated human skeletal remains or funerary objects taken from burial sites. The act requires the extensive drafting and adoption of administrative rules to carry out the mission. The act envisions that museums and other persons who are in possession of remains and objects shall have inventoried them and turned those inventories over to the board. The board has substantial duties determining claims made by Native Americans for the return of those remains and objects. The board must employ attorney hearing officers (22-3-913, MCA) to conduct hearings. The request is for 0.25 FTE administrative support and professional services for an attorney to staff the board to carry out these duties at a biennial cost of \$66,160.

Department Of Administration-6101
Admin Financial Serv Division-03

Total Agency Impact

FY04	\$77,290
FY05	\$71,111

General Fund Total

FY04	\$0
FY05	\$0

PL- 307 - Increase FTE for Consumer Protection -

In order to handle the increasing workload caused by fully enforcing the Consumer Protection Act, additional staffing is needed. The request is for 1.00 FTE paralegal and 1.00 FTE investigator at a biennial cost of \$148,401.

Total Agency Impact

FY04	\$20,111
FY05	\$20,074

General Fund Total

FY04	(\$10,120)
FY05	(\$10,163)

PL- 309 - Indirect Fixed Costs -

Fund changes in department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

Total Agency Impact

FY04	\$0
FY05	(\$2,450)

General Fund Total

FY04	\$0
FY05	(\$2,450)

PL- 310 - Police Retirement Fund Reduction -

The actuarial report on the Police Retirement Fund is only done once a biennium. The actuarial report indicates funding for FY 2005 is not needed.

----- **New Proposals** -----

Total Agency Impact

FY04	\$100,000
FY05	\$100,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 303 - Return Federal Portion of State Fund Dividend -

The State Fund periodically issues dividends to state agencies for good experience on workers' compensation claims. The federal government has requested the State Fund dividends returned to state agencies on behalf of federal programs be returned to the Health and Human Services Federal Program through a warrant. The current practice is that state agencies reduce draw downs of federal funds on individual programs by the amount of the State Fund dividend, which is difficult for their federal agencies to track. Estimated costs for the 2005 biennium will be \$200,000.

Total Agency Impact

FY04	(\$16,745)
FY05	(\$16,696)

General Fund Total

FY04	(\$16,745)
FY05	(\$16,696)

NP- 311 - Fund Switch 0.33 FTE -

It is recommended to fund 0.33 FTE of an existing 1.00 FTE in accounting (general fund) with warrant writer proprietary fund. This position currently has oversight responsibility for warrant writer, and this fund switch aligns the funding to be consistent with those duties. Since the general fund portion of this position is HB 2 authority and the proprietary portion is HB 576, there are two separate decision packages to accomplish this funding switch. See NP-312 in the proprietary section for the remainder of this fund switch.

Department Of Administration-6101
Admin Financial Serv Division-03

Total Agency Impact

FY04	(\$456,981)
FY05	(\$456,897)

General Fund Total

FY04	(\$456,981)
FY05	(\$456,897)

NP- 315 - Indirect Cost Allocation -

There is a funding change for the Director's Office and the Management Support Bureau in accordance with HB 21 adopted in the special session. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department will share the cost of the Director's Office and will pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 (HB 2) and NP-318 (HB 576) distribute the budget to programs in the department and give them authority to pay for the indirect cost recovery. This indirect cost recovery is also an audit recommendation.

Total Agency Impact

FY04	\$25,694
FY05	\$25,722

General Fund Total

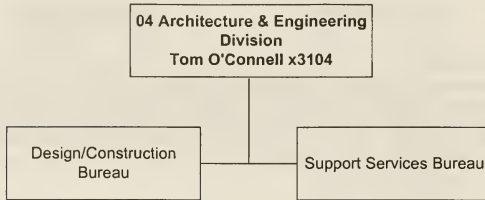
FY04	\$23,698
FY05	\$23,724

NP- 317 - Indirect Cost Allocation -

There is a funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department will share the cost of the Director's Office and will pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 (HB 2) and NP-318 (HB 576) distribute budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is also an audit recommendation.

Language Recommendations - "Item 1 includes \$267,661 general fund in fiscal year 2004 and \$257,641 general fund in fiscal year 2005. In accordance with section 17-2-108 MCA, the general fund is to be reduced by the amount of money received from nonfederal sources and the state special revenue increased by a like amount, as approved by the approving authority. Decision package 309 in the consumer affairs function within administrative financial services requests a fund switch from state special revenue to general fund. In fiscal year 2002, the consumer protection counsel brought in \$526,000 to the general fund."

Department Of Administration-6101 Architecture & Engineering Pgm-04



Program Description - The Architecture and Engineering Division (A&E) manages remodeling and construction of state buildings. Its functions include planning new projects and remodeling projects; advertising, bidding, and awarding construction contracts; administering contracts with architects, engineers, and contractors; disbursing building construction payments; and providing design services for small projects. The division also formulates a long-range building plan for legislative consideration each session. This division operates under the authority found in Titles 17 and 18, MCA, as well as other state mandates.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.00	0.00	0.00	17.00	0.00	0.00	17.00
Personal Services	794,977	132,413	0	927,390	131,293	0	926,270
Operating Expenses	296,554	(470)	8,298	304,382	8,369	8,294	313,217
Total Costs	\$1,091,531	\$131,943	\$8,298	\$1,231,772	\$139,662	\$8,294	\$1,239,487
State/Other Special	1,091,531	120,401	8,298	1,220,230	121,293	8,294	1,221,118
Capital Projects	0	11,542	0	11,542	18,369	0	18,369
Total Funds	\$1,091,531	\$131,943	\$8,298	\$1,231,772	\$139,662	\$8,294	\$1,239,487

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$7,231)	FY04 \$0
FY05 (\$7,234)	FY05 \$0

PL- 401 - Other Fixed Costs -

Fund changes in department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$8,298	FY04 \$0
FY05 \$8,294	FY05 \$0

NP- 318 - Indirect Cost Allocation -

To implement the funding change for the Director's Office and the Management Support Bureau, there is NP-315 to reduce HB 2 FTE that are proprietary funded in NP-316. A&E will share the cost of the Director's Office and pay for budget work and fiscal note coordination. NP-318 gives the authority to pay for the indirect recovery. This indirect cost recovery is also an audit recommendation.

Department Of Administration-6101

General Services Program-06

06 General Services Division Marvin Eicholtz x3318

Procurement

Property & Supply Bureau

Print & Mail Services
Bureau

Facilities Management

Program Description - The General Services Division is composed of four bureaus responsible for providing certain internal services to government agencies and the public. The Facilities Management Bureau manages the following services for state agencies in the capitol complex and several state-owned buildings in the Helena area either directly or through the administration of service contracts: repair, maintenance, construction, energy consumption, disaster response and recovery, space allocation, lease negotiation, security, janitorial, recycling, pest control, and garbage collection. The State Procurement Bureau procures or supervises the procurement of all supplies and services needed by the state and provides technical assistance to government agencies and the public to ensure compliance with the Montana Procurement Act. In addition, the bureau manages the state's vehicle fueling, energy procurement, and procurement card functions. The state general fund is reimbursed for a portion of the Bureau's administrative expenditures through the statewide cost allocation plan. The Print and Mail Services Bureau provides printing services to state agencies by operating a central facility for duplicating and binding, desktop publishing, layout and design, graphic illustration, and forms design. It operates three quick copy centers, administers the state photocopy pool, and approves the procurement of all printing and printing-related purchases for state agencies. Mail services for state agencies in the Helena area are provided through a centralized facility that manages incoming, outgoing, and interagency mail. In addition, the bureau operates a full service contract United States post office in the state capitol building. The Property and Supply Bureau manages the Central Stores program and the State and Federal Surplus Property programs. In addition, the division manages the state's vehicle fueling, energy procurement, and procurement card functions.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Work Orders Issued	6,159	6,205	5,397	6,750	5,397	6,750
Active Leases	220	196	220	250	250	250
Number of Buildings serviced by GSD staff	44	44	44	45	45	45

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.05	0.00	(0.50)	9.55	0.00	(0.50)	9.55
Personal Services	419,643	21,422	(25,607)	415,458	20,708	(25,515)	414,836
Operating Expenses	465,124	57,910	(404,480)	118,554	73,245	(421,785)	116,584
Transfers	933,055	0	(382,018)	551,037	0	(382,169)	550,886
Debt Service	32,050	0	0	32,050	0	0	32,050
Total Costs	\$1,849,872	\$79,332	(\$812,105)	\$1,117,099	\$93,953	(\$829,469)	\$1,114,356
General Fund	916,817	79,332	(379,050)	617,099	93,953	(396,414)	614,356
Capital Projects	933,055	0	(433,055)	500,000	0	(433,055)	500,000
Total Funds	\$1,849,872	\$79,332	(\$812,105)	\$1,117,099	\$93,953	(\$829,469)	\$1,114,356

Please note that a HB 576 section exists for this program.

**Department Of Administration-6101
General Services Program-06**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$761)	FY04	(\$761)
FY05	(\$777)	FY05	(\$777)

PL- 601 - Adjust Management Services Fixed Costs -

Fund changes in department indirect/administrative costs for services received from other proprietary funded centralized services functions of the agency.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,677	FY04	\$7,677
FY05	\$7,685	FY05	\$7,685

NP- 317 - Indirect Cost Allocation -

This action is related to the funding change for the Director's Office and the Management Support Bureau that will provide for indirect cost recovery in compliance with statutory direction from the special session and an audit recommendation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$852,912)	FY04	(\$419,857)
FY05	(\$866,925)	FY05	(\$433,870)

NP- 611 - Use Capitol Land Grant for Major Maintenance -

In the 2005 biennium, transfer \$1 million of Capitol Land Grant fund 05008 (CLG) to the Facilities Management Bureau to fund major maintenance. The Enabling Act only allows for specific uses of these CLG funds, one of which is major maintenance (i.e., permanent improvement of state buildings). In the 2003 biennium, the bureau was supported with \$1,866,110 of CLG for major maintenance, but less funds are available this biennium because less fire salvage timber has been harvested.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$0	FY05	\$0

NP- 612 - Transfer & Fund FTE in Fueling Program -

Transfer funding from Procurement Bureau to Statewide Fueling Network Program for Position 61104004 in response to Legislative Audit recommendations.

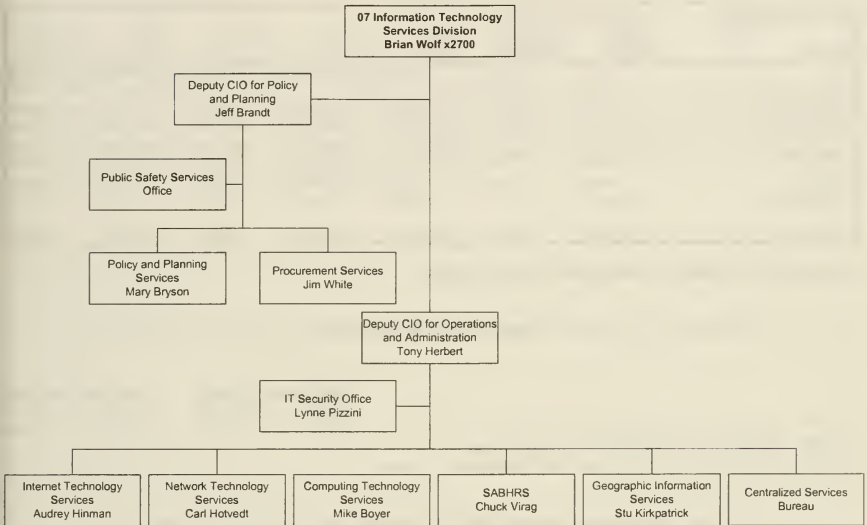
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$33,130	FY04	\$33,130
FY05	\$29,771	FY05	\$29,771

NP- 614 - FTE for PeopleSoft Procurement Module -

The State Procurement Bureau is the "process owner" for the PeopleSoft Purchasing Module. After three years of working with the software, it has been determined that additional technical expertise is needed for the bureau and the state agencies to take advantage of the full functionality of the software. Managing data, trouble-shooting hardware and software problems, testing upgrades and software fixes, training bureau and agency staff, and adapting internal processes to the software requirements are all responsibilities that are not being met with existing staff. Request is for 0.50 FTE and the related operating costs.

Department Of Administration-6101

Information Technology Services Division-07



Program Description - Information Technology Services Division (ITSD) is a proprietary program that manages central computing and telecommunications services for state government. ITSD provides central mainframe and mid-tier computer services, and manages the statewide data network SummitNet used by all agencies throughout the state. ITSD provides local and long-distance telephone network services used by all agencies, including the university system, and manages the state's video network METNET. ITSD coordinates electronic government services for the state, and manages the state's Internet presence discoveringmontana.com. ITSD also manages the Statewide Accounting, Budgeting, and Human Resources Systems (SABHRS) system for the state.

Through the office of the Chief Information Officer, the division develops the Statewide Strategic IT Plan, coordinates information technology for the state, and reviews and approves equipment and software acquisitions. The division also provides statewide information technology training, and supports consulting services contracts used by agencies in support of IT systems.

The division also coordinates Geographic Information Systems (GIS) development, manages the state's 911 programs, and coordinates Public Safety Communications issues.

Department Of Administration-6101
Information Technology Services Division-07

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2.00	0.00	3.00	5.00	0.00	3.00	5.00
Personal Services	93,940	14,425	353,583	461,948	14,100	0	108,040
Operating Expenses	497,212	21,709	1,926,929	2,445,850	18,722	31,386	547,320
Total Costs	\$591,152	\$36,134	\$2,280,512	\$2,907,798	\$32,822	\$31,386	\$655,360
General Fund	127,808	29,061	929	157,798	26,623	929	155,360
Federal Special	463,344	7,073	2,279,583	2,750,000	6,199	30,457	500,000
Total Funds	\$591,152	\$36,134	\$2,280,512	\$2,907,798	\$32,822	\$31,386	\$655,360

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$1,436	FY04 \$1,436
FY05 \$1,439	FY05 \$1,439

PL- 707 - Allocation of Indirect/Administrative Costs -
Allocation of indirect/administrative costs from Management Support.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$929	FY04 \$929
FY05 \$929	FY05 \$929

NP- 317 - Indirect Cost Allocation - HB 2 -

This action is related to the funding change for the Director's Office and the Management Support Bureau that will provide for indirect cost recovery in compliance with statutory direction from the special session and an audit recommendation.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,250,000	FY04 \$0
FY05 \$0	FY05 \$0

NP- 701 - Public Safety Communications (Biennial) -

The state is required to take a leadership role with regard to planning for public safety communications systems used by state, local and federal entities in Montana. Implementing standards and interoperable systems are objectives that need to be met, as well as integrating radio, 911, and GIS technologies for improved emergency response for the public. This decision package requests \$2,250,000 biennial federal authority.

Department Of Administration-6101
Information Technology Services Division-07

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$29,583	FY04	\$0
FY05	\$30,457	FY05	\$0

NP- 709 - Statewide Roadway Centerline GIS - HB 2 -

The Montana Geographic Information Council has determined that a statewide standardized, addressed, digital transportation database is a top priority in the overall development of the Montana Spatial Data Infrastructure (MSDI). This item requests a portion of the funding required to continue to coordinate an enterprise effort to build, maintain and distribute digital transportation data. This request includes \$500,000 in HB 2 federal funding each year of which there is a base expenditure of \$463,344 carried forward each year. In related decision package NP-702, ITSD is requesting proprietary funding of \$260,395 in FY 2004 and \$259,204 in FY 2005.

Department Of Administration-6101 **Banking And Financial Division-14**

**14 Banking & Financial
Institutions Division**
Annie Goodwin x2091

Program Description - The Division of Banking and Financial Institutions licenses, supervises, regulates and examines a variety of financial institutions operating in Montana. At present those institutions include 68 banks and trust companies, including 192 branch banks; 14 credit unions; 289 consumer finance companies; 155 sales finance companies; 82 deferred deposit lenders; 36 title loan companies; and 10 escrow companies. The division also would be responsible for the supervision, regulation and examination of any institutions operating under the state's savings and loan laws or the Foreign Capital Depository Act. All program functions are statutorily mandated in Titles 2, 31 and 32, MCA.

Supervision of regulated financial institutions is accomplished primarily through examinations. The safety and soundness of Montana state chartered banks, which hold in excess of \$8.2 billion in deposits as of December 31, 2001, is under the supervision of the division. Banks are statutorily required to be examined at least once every 24 months. Credit unions, consumer loan, deferred deposit and title loan companies are to be examined annually. Escrow companies may be examined as necessary. Examinations investigate the methods of operation, review compliance with state and federal financial and banking laws and regulations, and, for the protection of bank and credit union depositors, determine whether the institutions are operating in a safe and sound manner. The division also provides a consumer complaint process to resolve matters with the regulated financial institutions.

The State Banking Board is administratively attached to the division. The board is responsible for making final determinations of applications for new bank charters and foreign capital depository charters; hearing appeals of division decisions on branch bank, merger, or relocation applications; and also acts in an advisory capacity with respect to the duties and powers given by statute or otherwise to the department as the duties and powers relate to banking and to the regulation of foreign capital depositories.

The Division of Banking and Financial Institutions has experienced significant recruitment and retention problems in prior years in its efforts to development and maintain a qualified, effective examination staff. Continued turnover and recruiting of senior staff by the private sector were addressed in FY02 by competency pay adjustments. These pay adjustments - supported by the regulated industry -- have provided staff retention and stable staffing, and allowed the Division's duties to be completed within statutory timeframes. The 2005 budget request continues to provide pay adjustment funding to recognize and reward professional growth among staff as they complete additional levels of examination training and assume greater job duties.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Examinations performed	55	81	80	165	170	170
Licenses issued	548	602	696	690	700	700

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	24.25	0.00	5.50	29.75	0.00	5.50	29.75
Personal Services	1,042,064	332,264	215,911	1,590,239	330,802	215,287	1,588,153
Operating Expenses	458,121	81,227	71,476	610,824	114,938	71,199	644,258
Total Costs	\$1,500,185	\$413,491	\$287,387	\$2,201,063	\$445,740	\$286,486	\$2,232,411
State/Other Special	1,500,185	413,491	287,387	2,201,063	445,740	286,486	2,232,411
Total Funds	\$1,500,185	\$413,491	\$287,387	\$2,201,063	\$445,740	\$286,486	\$2,232,411

Department Of Administration-6101

Banking And Financial Division-14

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$40,513)	FY04	\$0
FY05	(\$40,514)	FY05	\$0

PL- 1401 - Indirect Administrative Costs -

Decrease in department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$139,000	FY04	\$0
FY05	\$139,000	FY05	\$0

PL- 1402 - Financial Institution Examiner Career Ladder -

Request is to fund the salary proposal approved for use when the Division of Banking and Financial Institutions moved its financial institution examination personnel to a Professional Financial Institution Examiner Career Ladder Plan. The plan recognizes that the division's significant investment of time and training for its examiners, and the "attractiveness" of fully-trained examiners to competing private sector employers. Estimated biennial costs for the career ladder plan will be \$278,000.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$79,392	FY04	\$0
FY05	\$81,252	FY05	\$0

PL- 1403 - Rent Increase for the Helena Office -

The division is requesting funding to pay increased rent resulting from relocation in FY 2002. The lease for the current building expires June 30, 2002, with no option of renewal or extension. Although the move was anticipated, no appropriation for the relocation was approved by the 2001 Legislature. This division will be relocating to the old federal building in Helena and the monthly rent is significantly higher than at the current location. Estimated additional rental costs for the 2005 biennium will be \$160,644.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$28,000	FY05	\$0

PL- 1405 - Fund Accreditation Review of the Division -

The division requests funding to pay for an accreditation assessment performed by the Conference of State Bank Supervisors to help put the division and its employees in good standing with banking institutions and the taxpayers of Montana. The estimated biennial cost of \$28,000 will pay the expenses of the accreditation team during their on-site assessment of the division, pay for the preparation of the report of findings and recommendation, and pay the costs of the meeting of the Accreditation Committee. This will not require any increase in the fees or charges against regulated businesses.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,676	FY04	\$0
FY05	\$22,138	FY05	\$0

PL- 1406 - Lease Motor Pool Vehicles -

The division is requesting funding to lease four additional passenger vehicles from the State Motor Pool beginning in FY 2004. Travel is a significant part of the bank examiners' jobs, and in recent years examiners' personal vehicles have become increasingly unsuitable for efficiently moving the necessary people and equipment to a job site. Estimated biennial costs for the additional vehicles will be \$42,814.

Department Of Administration-6101

Banking And Financial Division-14

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$22,078	FY04	\$0
FY05	\$22,101	FY05	\$0

NP- 317 - Indirect Cost Allocation - HB 2 -

There is a funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB-2 FTE that are proprietary funded in NP-316. Divisions within the Department would share the cost of the Director's Office and would pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 distributes budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$66,925	FY04	\$0
FY05	\$66,782	FY05	\$0

NP- 1404 - Restore OTO from '03 Biennium - 1.50 FTE -

The division is requesting that the 1.50 FTE which the OBPP restored as modified positions on July 11, 2001, be made permanent FTE during the 2005 biennium. Loss of the positions and the individuals filling them would significantly impair the division's efforts to meet statutory obligations. Costs to the division and its constituents would not increase as the positions currently are filled. Estimated biennial costs for these positions will be \$133,707.

The Division of Banking and Financial lost 4.50 FTE during the 2001 Legislative Session: 3.00 FTE were moved to the Governor's office to help staff the Economic Development office; 1.50 FTE were lost as a result of an amendment by Senator Cobb.

The loss of these positions created a significant hardship to the division in the face of rapidly growing responsibilities. In recent years both the number and size of financial businesses regulated by the division have grown rapidly and unexpectedly. At the end of calendar year 1995 there were 86 state-chartered banks with total assets of \$4.7 billion operating from 120 locations. At the end of calendar year 2001 there were 67 state-chartered banks with total assets of \$10.3 billion operating from 235 locations. Over the same time period credit unions grew from 14 in number with total assets of \$310.0 million to 15 in number with total assets of \$953.2 million. The number of licensed consumer loan companies increased from 39 at the end of 1995 to 480 at the end of 2001. The Montana Deferred Deposit Loan Act was passed by the 1999 Legislature. At the end of calendar 2001 there were 86 licensed deferred deposit lenders. The Montana Title Loan Act was passed in 2001. In early calendar 2002, 33 title lenders had been licensed.

Consumer loan companies, deferred deposit loan companies and title loan companies are required, by statute, to be examined by the division every year. This requirement has not been met for several years; initially because of staff turnover, but presently because of the explosive growth in the number of these businesses coupled with too few examiners.

Credit unions statutorily are required to be examined annually, either by the division or by an acceptable outside auditor. Since October 2000, when the division's long-time credit union examiner retired, the requirement has been met only through the assistance of the National Credit Union Administration.

Banks statutorily must be examined at least once every 24 months by the division or by a federal counterpart. In practice the largest banks are examined annually because of federal mandates while examinations of smaller banks are alternated with federal examination agencies. The significant growth in state bank assets in recent years is largely the result of federally chartered institutions converting to state charter. The corresponding increase in workload for a staff that has not grown in number has made it more difficult to meet examination commitments made to federal agencies. At times those agencies have been requested to perform examinations that had been expected to be the division's responsibility.

Department Of Administration-6101

Banking And Financial Division-14

On July 11, 2001 the division requested that the 1.50 FTE be restored as modified positions to help accommodate the increased workload. OBPP approved the request and the positions were filled as follows: 1.00 FTE was filled by a Billings-based bank examiner, and 0.50 FTE was combined with a vacant 0.50 FTE and filled by an examiner devoted to small loan company work. Both positions were filled early in FY 2002 and have been fully utilized as intended. Loss of the positions and the individuals filling them would significantly impair the division's efforts to meet statutory obligations. Costs to the division and its constituents would not increase as the positions currently are filled.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$198,384	FY04	\$0
FY05	\$197,603	FY05	\$0

NP- 1407 - 4.00 FTE Bank Examiners -

Request is for 4.00 FTE new examiners, supporting office equipment, and additional travel authority to allow the division to perform periodic examinations of state-licensed banks, credit unions, consumer loan companies, deferred deposit lenders, title lenders and escrow companies, as required by law and to be paid for with cash reserves.

Department Of Administration-6101

Montana State Lottery-15

15 Lottery
 Gerald LaChere x5825

Program Description - The Montana Lottery designs and markets lottery games that allow players to purchase chances to win prizes. The Lottery presently offers a variety of instant/scratch and lotto-style games, some in cooperation with other lotteries through the Multi-State Lottery Association. A five-member Lottery Commission, appointed by the Governor, sets policy and oversees program activities and procedures. The net revenue, after prizes, sales commissions and operating expenses, is deposited in the state general fund on a quarterly basis.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Transfer to General Fund (in millions)	\$5.80	\$6.10	\$7.40	\$6.80	\$7.00	\$7.20

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	31.50	0.00	0.00	31.50	0.00	0.00	31.50
Personal Services	1,265,659	57,085	0	1,322,744	56,466	0	1,322,125
Operating Expenses	4,947,142	899,351	185,728	6,032,221	951,319	25,715	5,924,176
Equipment	462,735	(414,000)	0	48,735	(414,000)	0	48,735
Debt Service	1,145,577	0	0	1,145,577	(1,145,577)	0	0
Total Costs	\$7,821,113	\$542,436	\$185,728	\$8,549,277	(\$551,792)	\$25,715	\$7,295,036
Proprietary	7,821,113	542,436	185,728	8,549,277	(551,792)	25,715	7,295,036
Total Funds	\$7,821,113	\$542,436	\$185,728	\$8,549,277	(\$551,792)	\$25,715	\$7,295,036

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$42,327)	FY04 \$0
FY05 (\$42,285)	FY05 \$0

PL- 1501 - Indirect Fixed Costs -

Department indirect/administrative costs for services received from other proprietary funded centralized service functions of the agency.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$1,250	FY04 \$0
FY05 \$1,250	FY05 \$0

PL- 1502 - Per Diem for Lottery Commissioners -

The Lottery division of the Department of Administration is requesting per diem for the Lottery Commissioners. MCA 23-7-201 & 202 establishes the five-member commission to be paid \$50 per diem for each day engaged in duties related to the Lottery and requires that the Commission meet quarterly at a minimum. In addition, one Commissioner attends the annual North American Association of State and Provincial Lotteries conference. The conference is three days and requires 2 days of travel to and from the conference site. Therefore, the total biennial request is for \$2,500 appropriation authority. The Lottery expended these amounts in base year 2002, but they are zero based.

Department Of Administration-6101 **Montana State Lottery-15**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	(\$1,145,577)	FY05	\$0

PL- 1504 - Eliminate Debt Service Expense for FY 2005 -

The Lottery's last payment on its note is scheduled for April 29, 2004. Therefore, there will be no debt service requirement in FY 2005 only.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$391,326	FY04	\$0
FY05	\$529,557	FY05	\$0

PL- 1505 - Product Costs Increase -

An increase in product costs of \$920,883 for the biennium is needed to keep the Lottery "fresh" and exciting and increase participation and interest. If the Lottery does not continue to change its games and offer desired products, sales revenues will decline and the transfers to the general fund will be negatively affected.

The total sales for FY 2002 are estimated to be \$33.2 million and the contract with the vendor, who operates the Lottery's computerized terminal system, specifies payment at 8.35 percent of sales. Using a modest gain in sales of three percent per annum, would result in additional contracted services expenses of \$168,826 in FY 2004 and \$257,057 in FY 2005.

Merchandise for Resale is the Lottery's inventory of scratch/instant tickets. The Lottery must keep an inventory of such tickets for several reasons. The Lottery has multiple games available at any one time; there is a three month time period between the design and the printing of tickets; we introduce a new instant game approximately every six weeks; print runs are for eight to 12 games to take advantage of price breaks, and some games are depleted from stock faster than others. In addition, the Lottery wants to continue to offer new styles of games and play opportunities. Currently, the Lottery offers \$1, \$2, \$3 and \$5 instant tickets; we would like to offer higher price point and unique games over the biennium. This request is to print and package such merchandise at a cost of \$175,000 in FY 2004 and \$225,000 in FY 2005.

One of the unique games the Lottery would like to introduce in FY 2004 is a televised game show, where participation is determined as a prize on an instant ticket. This game is a multi-state game operated by the Multi-State Lottery Association, the same entity that operates Powerball, Hot Lotto and Wild Card. The association charges an annual dues amount to cover its operational costs. To participate in the game show, the Lottery would be required to pay dues of \$47,500 each year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$6,920	FY04	\$0
FY05	\$8,232	FY05	\$0

PL- 1506 - Increase Base for Rent -

The Lottery rents the office and warehouse space that it currently occupies. The lease contract in existence since 1987 expired 2/28/2002; increased rent was included in the FY 2002 and FY 2003 budget. A new contract is being finalized and it will require higher rent for FY 2004 and FY 2005. A monthly increase is reasonable considering the length of time since the rent was last adjusted and based upon current rates within Helena. The location is easy for our players and winners to locate. In addition, the space meets the Lottery's needs to have both office and warehouse space co-located at a single facility. Total cost for the biennium would be \$15,152.

**Department Of Administration-6101
Montana State Lottery-15**

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$22,800	FY04 \$0
FY05	\$10,800	FY05 \$0

PL- 1507 - Equipment replacement -

Computer equipment, printers, the on-line gaming system and software need to be replaced or updated. Total cost of replacement over the biennium is \$33,600. If the printers and equipment are not purchased, the ability of Lottery staff to complete its duties would be curtailed. Failure to maintain the on-line gaming system could result in the cessation of lotto sales for extended periods of time. This would greatly reduce revenue and the general fund revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$35,000	FY04 \$0
FY05	\$35,000	FY05 \$0

PL- 1509 - Retailer Support -

Marketing research has shown that most instant ticket sales are impulse buys. This means that to continue with the current level of sales and any attempt to increase sales must be supported by advertising at the retail outlet. The Lottery designs and prints point of sale (POS) materials, such as posters, brochures, terminal toppers and other informational pieces for display by the retailers. For POS to be effective they must be timely, attractive, and highly visible. They also must be replaced frequently to attract players' attention.

The Lottery is placing additional on-line terminals at retailers who currently only have instant ticket sales capability. These retailers will need to be supported at the same level as the current on-line retailers. The Lottery would like to replace POS on a quarterly basis at all retail locations at an approximate cost of \$35,000 per fiscal year.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$25,728	FY04 \$0
FY05	\$25,715	FY05 \$0

NP- 317 - Indirect Cost Allocation-HB2 -

Funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department would share the cost of the Director's Office and would pay for budget work, fiscal note coordination and bill paying (those without accounting staff). NP-317 (HB 2) and NP-318 (HB 576) distribute budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

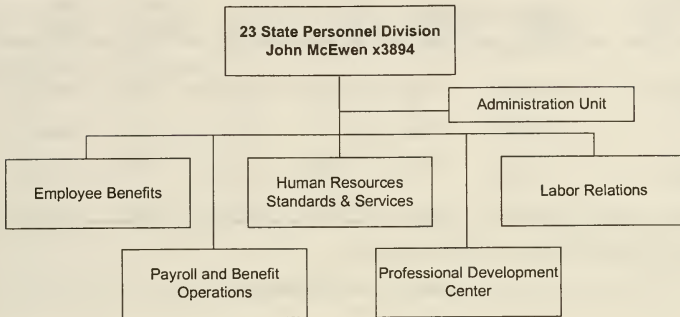
<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$160,000	FY04 \$0
FY05	\$0	FY05 \$0

NP- 1508 - Professional Service Contracts (Rstrcted/Bien/OTO) -

The Lottery purchased and implemented the on-line gaming system in 1999, and it is operated by an outside vendor under a seven year contract. There have been changes and advances in the industry since the inception of this system. The Lottery would like to hire a consultant to analyze the current system's performance, life expectancy, and maintenance costs, in addition to available replacements and the advantages or disadvantages of replacing the system. The cost for the biennium is anticipated to be \$160,000.

Department Of Administration-6101

State Personnel Division-23



Program Description - The State Personnel Division provides state agencies with a variety of human resource management programs including training, position classification and pay, collective bargaining, employee relations, and assistance with compliance with state and federal employment law. The state general fund is reimbursed for administrative costs of the State Personnel Division through the statewide cost allocation and state fund cost allocation plans. The division publishes state rules, standards, and policies relating to recruitment, selection, discipline, grievance, performance appraisal, leave, and other personnel matters. The division administers benefits plans including health, life, long-term care, dental, and vision insurance, flexible spending accounts, a sick leave fund, employee incentive awards, health promotion, and a voluntary employee benefit health care expense trust. In addition, the division administers a lease and contract to provide day care services for Helena area state employees. The division also prepares, maintains, and distributes payroll for all state employees.

The division provided competency pay adjustments to certain of its HB 2 positions totaling \$21,015 in FY 2002. The increased pay was financed by operating cost savings within the department.

The Human Resources Standards and Services Bureau and Labor Relations Bureau functions are governed by 2-18-2; 2-18-102; 2-18-301 through 303; 2-18-604; 2-18-1011 through 1013; 39-29-112; 39-30-106; and 39-31-101 through 409, MCA. The Payroll Unit is governed by 2-18-401, et seq., MCA. Employee benefits are governed by 2-18-701 et seq., 2-18-801 et seq., 2-18-1101 et seq., 2-18-1301 et seq., and 33-2-712, MCA. The Professional Development Center is governed by 2-18-102 (1)(b), MCA.

Program Indicators -

Indicator	Actual FY2000	Estimated FY2001	Estimated FY2002	Estimated FY2003
Personnel Administration Program:				
Grievances/Arbitrations	30	30	30	30
Competency Demonstration Projects	13	15	20	25
Number of employees covered under demonstration projects	2,500	3,200	4,900	6,200
Classification actions processed	200	200	200	200
Classification appeals	4	15	10	10
Policy revisions	4	4	8	4
Pay exception reviews	13	13	13	13
Collective bargaining agreements conducted during the biennium	N/A	65	N/A	65

Department Of Administration-6101

State Personnel Division-23

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	21.66	0.00	(1.13)	20.53	0.00	(1.13)	20.53
Personal Services	909,750	115,194	(45,005)	979,939	114,374	(44,872)	979,252
Operating Expenses	244,733	1,786	11,098	257,617	4,400	11,999	261,132
Total Costs	\$1,154,483	\$116,980	(\$33,907)	\$1,237,556	\$118,774	(\$32,873)	\$1,240,384
General Fund	1,127,130	116,980	(36,949)	1,207,161	118,774	(36,820)	1,209,084
State/Other Special	27,353	0	3,042	30,395	0	3,947	31,300
Total Funds	\$1,154,483	\$116,980	(\$33,907)	\$1,237,556	\$118,774	(\$32,873)	\$1,240,384

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$2,954)	FY04 (\$2,954)
FY05 (\$2,985)	FY05 (\$2,985)

PL- 2307 - Indirect Cost Allocation -

The State Personnel Division programs, including Personnel Administration, Employee Benefits, Central Payroll and Training, will require a change to indirect/administrative costs to fund the department's data processing, management services, human resources, and legal units. The division's total indirect fixed cost allocation is \$59,912 in FY 2004 and \$59,876 in FY 2005.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$8,246	FY04 \$8,056
FY05 \$8,242	FY05 \$8,052

NP- 317 - Indirect Cost Allocation -

Funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the Department would share the cost of the Director's Office NP-317 distributes budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,852	FY04 \$0
FY05 \$3,757	FY05 \$0

NP- 2304 - Lease Rate for State Sponsored Daycare -

The 1999 and 2001 State Legislatures authorized the Department of Administration to collect money from state agencies to pay rent costs at the daycare facility located in Helena's Ray Bjork School. The state was authorized to help establish this daycare as a benefit to state employees. The amount collected from each agency is based on the number of Helena area employees. The state leases the space at Ray Bjork School from the Helena School District and the lease agreement provides that the lease rate can change annually, based on changes in the consumer price index (CPI) and other costs related to maintaining the building. In FY 2002 the lease rate was \$27,272 and the rate increased to \$29,325 in FY 2003. The department requests authority to collect \$30,205 in FY 2004 and \$31,110 in FY05 from state agencies for continued support of the Ray Bjork daycare facility.

Department Of Administration-6101
State Personnel Division-23

Total Agency Impact

FY04	(\$45,005)
FY05	(\$44,872)

General Fund Total

FY04	(\$45,005)
FY05	(\$44,872)

NP- 2306 - Eliminate 1.13 FTE Vacant -

Two positions that total 1.13 FTE and are currently held vacant to meet vacancy savings are offered for reductions.

Department Of Administration-6101 **State Tax Appeal Board-37**

37 State Tax Appeal Board
Greg Thornquist x2720

Program Description - The State Tax Appeal Board, established by Article VIII, Section 7, of the Montana Constitution and 15-2-101, MCA, provides a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes, corporate taxes, severance taxes, centrally-assessed property and new industry property, motor fuels taxes, vehicle taxes, and cabin site leases. The board travels throughout the state to hear appeals from decisions of the county tax appeal boards and to conduct informational meetings for the various county tax appeal boards. The State Tax Appeal Board directs the county tax appeal board secretaries, who are state employees, and pays their salaries and employee benefits from its personal services appropriation. The board also reviews and pays the expenses, including employee benefits, of those county tax appeal board secretaries who are county employees. In addition, the board pays the clerical-related expenses for all 56 county tax appeal boards, including supplies, postage and copies, but excluding office equipment.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00
Personal Services	185,586	77,878	0	263,464	79,318	0	264,904
Operating Expenses	62,397	(3,869)	4,129	62,657	(2,828)	4,133	63,702
Local Assistance	1,180	0	0	1,180	0	0	1,180
Total Costs	\$249,163	\$74,009	\$4,129	\$327,301	\$76,490	\$4,133	\$329,786
General Fund	249,163	74,009	4,129	327,301	76,490	4,133	329,786
Total Funds	\$249,163	\$74,009	\$4,129	\$327,301	\$76,490	\$4,133	\$329,786

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$26)	FY04 (\$26)
FY05 (\$31)	FY05 (\$31)

PL- 3701 - Per Diem and Indirect Costs -

This request combines per diem of \$2,095 for STAB and a decrease in department indirect/administrative costs for services received from proprietary funds.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$4,129	FY04 \$4,129
FY05 \$4,133	FY05 \$4,133

NP- 317 - Indirect Cost Allocation-HB2 -

Funding change for the Director's Office and the Management Support Bureau. NP-315 reduces HB 2 FTE that are proprietary funded in NP-316. Divisions within the department would share the cost of the Director's Office. NP-317 (HB 2) and NP-318 (HB 576) distribute budget to programs in the department and give them authority to pay for the indirect recovery. This indirect cost recovery is an audit recommendation.

Appellate Defender Commission-6102

Appellate Defender-01

6102 Appellate Defender
Chad Wright 449-4122

01 Appellate Defender
Program

Mission Statement - To permit state courts to fulfill, in a cost-effective manner, federal and state constitutional and statutory obligations to appoint counsel to effectively represent indigent persons who wish to pursue their rights to challenge criminal convictions, by means of appeals to the supreme court or by other post-conviction challenges; to assist defense counsel in appeals on request; to aid the Appellate Defender Commission in promulgating standards for the appointment of trial and appellate counsel in Montana; and to develop and maintain a roster of defense attorneys eligible for appointment in Montana

Statutory Authority - State mandates are established at 46-8-210 through -213, MCA.

Program Description - The Office of the Appellate Defender is an agency administratively attached to the Department of Administration. Prior to creation of the agency by the 1995 legislature, the Appellate Defender Program was administratively attached to the Department of Administration and funded by a statutory appropriation. The appellate defender is hired by, and serves at the pleasure of, the Appellate Defender Commission. The appellate defender provides legal counsel for indigent persons who have been convicted and then appeal their district court conviction or petition for post-conviction relief from proceedings in district court. The appellate defender also aids the commission in compiling and keeping current a roster of Montana attorneys eligible for appointment by an appropriate court as trial and appellate defense counsel for the indigent.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	3.00	0.00	0.00	3.00	0.00	0.00	3.00
Personal Services	133,911	13,653	0	147,564	13,879	0	147,790
Operating Expenses	44,999	(6,753)	2,659	40,905	(6,428)	2,662	41,233
Total Costs	\$178,910	\$6,900	\$2,659	\$188,469	\$7,451	\$2,662	\$189,023
General Fund	0	185,810	2,659	188,469	186,361	2,662	189,023
State/Other Special	178,910	(178,910)	0	0	(178,910)	0	0
Total Funds	\$178,910	\$6,900	\$2,659	\$188,469	\$7,451	\$2,662	\$189,023

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$4,084)	FY04	(\$4,084)
FY05	(\$3,757)	FY05	(\$3,757)

PL- 1 - Fixed Cost Adjustments & On-going Reductions -

The request includes an increase in agency fixed costs including a rent increase of \$314 in FY 2004 and \$637 in FY 2005. In addition, after the snapshot the office recently converted to performance-based pay in an effort to move closer to parity with other state employee attorneys and to retain qualified staff, which increases personal services by \$6,300 each year of the biennium. The adjustments also continue both the governor's reductions and the special session reductions totaling \$21,396 for the biennium.

Appellate Defender Commission-6102
Appellate Defender-01

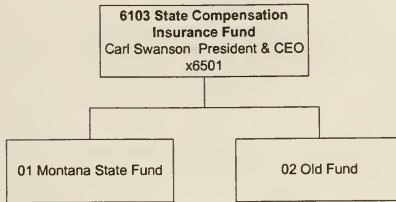
----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,659	FY04	\$2,659
FY05	\$2,662	FY05	\$2,662

NP- 317 - Indirect Cost Recovery -

Department of Administration's Director's Office and Management Support Bureau are requesting to go to an indirect cost recovery plan, due to an audit recommendation. Part of the recovery allocates more budget authority to the Appellate Defender in the amount of \$2,659 for FY 2004 and \$2,662 in FY 2005.

State Compensation Ins. Fund-6103



Mission Statement - Mission Statement:

'Montana's insurance carrier of choice and industry leader in service.'

Vision Statement:

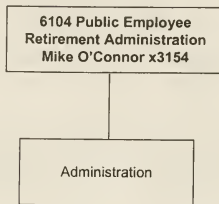
'Montana State Fund is committed to the health and economic prosperity of Montana through superior service, leadership and caring individuals working in an environment of teamwork, creativity and trust.'

Statutory Authority - The State Compensation Insurance Fund (Montana State Fund) provides liability insurance for workers' compensation and occupational disease and may not refuse coverage to any employer requesting coverage (39-71-2313, MCA).

Section 39-71-2321, MCA, provides that all funds deposited in the State Fund may be expended as provide in 17-8-101(2)(b), under general laws, or contracts entered into in pursuance of law, permitting the disbursement. Based on this statutory provision the State Fund is not budgeted in the general appropriations act.

The State Fund is funded entirely with proprietary funds. See Section P for budget information.

Public Employees Retirement Administration-6104



Mission Statement – The Montana Public Employee Retirement Administration will efficiently provide quality benefits; education and service to help our plan members and beneficiaries achieve a quality retirement.

Statutory Authority – Title 2, Chapter 15; Title 19, Chapters 2,3,5,6,7,8,9,13,17 and 50, MCA; and Internal Revenue Service Codes.

Program Description -- The Public Employees' Retirement Board (PERB) is charged under the State's Constitution as fiduciaries to administer ten retirement plans and the related member education. The retirement plans are eight defined benefit plans, a defined contribution plan and a deferred compensation plan. The *defined benefit* retirement plans are the Public Employees' Retirement System, Municipal Police Officers' Retirement System, Highway Patrol Officers' Retirement System, Sheriffs' Retirement System, Judges' Retirement System, Game Wardens' and Peace Officers' Retirement System, Firefighters' Unified Retirement System, and the Volunteer Firefighters' Compensation Act. The *defined contribution* retirement plan was implemented as of July 1, 2002, and available only to eligible members of the Public Employees' Retirement System (PERS). The *deferred compensation* plan (IRC § 457) is available to employees of the state, university and local subdivisions that contract with the plan.

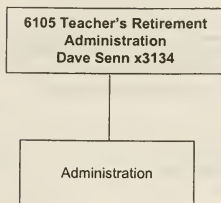
The PERB also administers two education funds. The PERS defined benefit retirement plan education fund was established to provide the tools necessary for the member to choose between the defined benefit retirement plan and the defined contribution retirement plan. The PERS defined contribution retirement plan also has an education fund to provide members with ongoing education. The PERB is allocated to the Department of Administration, which means that the PERB hires the staff for the Montana Public Employee Retirement Administration (MPERA), which carries out the daily administration of the plans. The MPERA has 33 employees. This agency accounts for over \$3.2 billion held in trust. Monthly retirement disability and death benefits are paid to over 16,800 recipients. Annual benefit payments exceed \$145 million. Over 500 state and local government employers report contributions for over 34,000 active members.

Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Estimated 2003	Estimated 2004	Estimated 2005
Defined Benefit Retirement Plans:							
Benefits	128,654,433	135,925,468	143,127,966	157,749,114	165,535,557	173,563,100	181,984,543
Defined Benefit Assets	3,245,111,997	3,497,845,464	3,317,431,288	3,068,956,608	3,102,715,131	3,158,564,003	3,215,418,155
Defined Contribution Retirement Plans:							
Deferred Comp Assets	179,924,000	202,162,660	200,280,113	196,420,108	206,239,988	216,550,805	227,377,104
PERS – Defined Contribution			(585,007)	(1,026,748)	7,076,042	7,854,406	8,663,479

Public Employees Retirement Administration-6104

Summary of FY 2002 Expenditures includes new additional programs and one time charges		
FTE		33.00
Personal Services	\$	1,325,212
Operating Expenses		2,850,949
Equipment		-
Total	\$	4,176,161

Teacher's Retirement Administration-6105



Mission Statement - To maintain a financially sound system that is actuarially funded that will provide the broadest and fairest possible range of disability, death and retirement benefits to teachers and other eligible members of the State of Montana as prescribed by state statutes.

Statutory Authority – Montana Constitution, Article VIII, Sections 13 and 15; Title 19, Chapter 20, MCA; and Internal Revenue Service codes.

Program Description - The Teachers' Retirement Board, which consists of six members appointed by the Governor, is responsible for the administration of the Teachers' Retirement System (TRS). To assist in fulfilling its duties, the board employs a full-time staff. The TRS administers retirement, disability, and survivor benefits for all Montana teachers and their beneficiaries.

Indicator	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Estimated 2003	Estimated 2004	Estimated 2005
Contributions	87,731,106	94121675	99878990	100,153,392	103,157,994	106,252,734	109,440,316
Benefits	100,028,083	109231029	118841895	130,014,779	140,415,961	151,649,238	163,781,177

Summary of FY 2002 Expenditures	
FTE	16.00
Personal Services	600,276
Operating Expenses	1,006,461
Equipment	0
Total	1,606,737

*includes depreciation and amortization



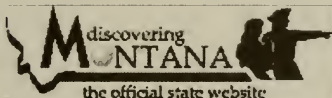
PUBLIC HEALTH AND HUMAN SERVICES

Department of Public Health and Human Services

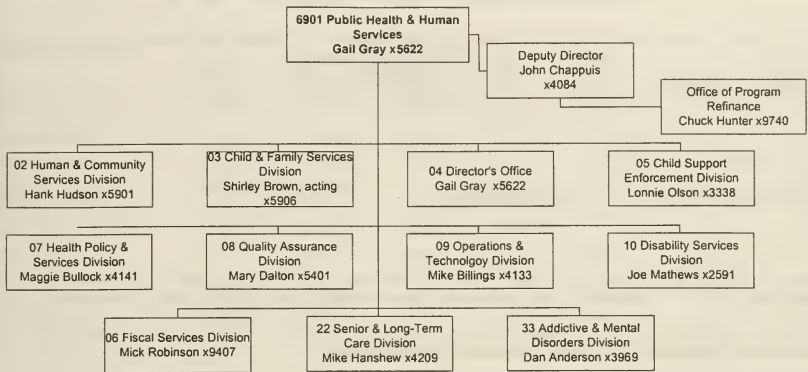
OBPP Staff

Bob Andersen
Chuck Stohl

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Public Health & Human Services-6901



Mission Statement - Improving and Protecting the Health, Well-Being and Self-Reliance of All Montanans

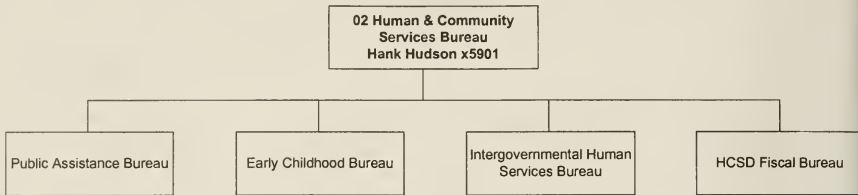
Statutory Authority - 2-15-2201, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2,788.09	8.01	22.23	2,818.33	10.51	22.23	2,820.83
Personal Services	103,056,530	14,005,953	1,007,022	118,069,505	14,378,574	1,006,237	118,441,341
Operating Expenses	74,254,507	9,476,324	4,388,176	88,119,007	9,700,705	3,653,570	87,608,782
Equipment	369,407	1,019,810	3,000	1,392,217	1,454,448	0	1,823,855
Capital Outlay	28,398	0	0	28,398	0	0	28,398
Grants	38,063,456	9,513,876	186,533	47,763,865	9,513,049	(613,217)	46,963,288
Benefits & Claims	711,437,161	107,035,314	4,573,202	823,045,677	143,088,385	6,809,933	861,335,479
Debt Service	467,562	36,837	52,738	557,137	36,837	750	505,149
Total Costs	\$927,677,021	\$141,088,114	\$10,210,671	\$1,078,975,806	\$178,171,998	\$10,857,273	\$1,116,706,292
General Fund	260,341,982	15,633,864	(14,242,997)	261,732,849	24,312,470	(15,173,958)	269,480,494
State/Other Special	23,836,105	7,087,689	7,864,401	38,788,195	7,513,268	9,035,210	40,384,583
Federal Special	643,498,934	118,366,561	16,589,267	778,454,762	146,346,260	16,996,021	806,841,215
Total Funds	\$927,677,021	\$141,088,114	\$10,210,671	\$1,078,975,806	\$178,171,998	\$10,857,273	\$1,116,706,292

----- Agency General Fund Target - \$531.21 million -----

Public Health & Human Services-6901

Human & Community Services Division-02



Program Description - The Human and Community Services Division is comprised of four bureaus: 1) Public Assistance, 2) Early Childhood Services, 3) Intergovernmental Human Services and 4) Division Fiscal Bureau.

The Public Assistance Bureau administers Montana's Temporary Assistance to Needy Families (TANF) program. The bureau also provides eligibility services for Medicaid and Food Stamps.

The Early Childhood Bureau: 1) manages the funds which pay for child care for TANF participants and low-income working families; 2) contracts with 12 resource and referral agencies to administer child care eligibility, provider recruitment, and technical assistance; 3) administers the Child and Adult Care Food Program which provides reimbursement to child care providers for the cost of meals served to eligible children and adults; and 4) Administers the Head Start State Collaboration and the Child Care Apprenticeship grant.

The Intergovernmental Human Services Bureau administers: 1) the Community Services block grant which is used by 10 Human Resource Development Councils to provide a wide range of community-based human services; 2) the Low-Income Energy Assistance Program and Weatherization program; 3) the DOE Weatherization program and four other weatherization programs; 4) the Emergency Shelter grants program; 5) the Housing Opportunities for People with Aids grant; and 6) three USDA commodities programs. In addition, the bureau stores and distributes USDA commodity foods to elderly feeding sites, and stores USDA commodity foods for school lunch programs.

Statutory authority is in Title 53, Chapter 2, MCA, and 45 CFR.

Program Indicators -

Indicator	Actual FY2000	Estimated 2001	Estimated 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Pounds of food delivered to Indian Reservations, elderly feeding sites, charitable organizations, and soup kitchens (in millions)	9.3	9	9	9	9	9
Number of low-income homes weatherized	1,471	1,687	2,765	2,000	1,500	1,500
Number of households provided with energy assistance	14,717	16,824	16,977	18,000	18,000	18,000
Achieve the all family work participation rate to qualify for the 75% state maintenance of effort	40%	45%	50%	50%	50%	50%
Achieve the two-parent work participation rate to qualify for the 75% state maintenance of effort	90%	90%	90%	90%	90%	90%
Number of low-income working families receiving child care assistance	8,288	7,336	7,600	7,600	5,100	5,100

Public Health & Human Services-6901

Human & Community Services Division-02

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	451.20	1.00	(1.00)	451.20	1.00	(1.00)	451.20
Personal Services	17,195,689	746,988	(24,860)	17,919,817	731,800	(24,796)	17,902,693
Operating Expenses	6,432,681	(826,413)	278,109	5,884,377	(1,358,889)	0	5,073,792
Equipment	56,607	(24,726)	0	31,881	(31,518)	0	25,089
Grants	14,657,382	1,358,818	0	16,016,200	1,911,592	0	16,568,974
Benefits & Claims	88,796,202	56,701,277	689,705	146,187,184	55,328,159	0	144,124,361
Debt Service	56,592	36,837	0	93,429	36,837	0	93,429
Total Costs	\$127,195,153	\$57,994,781	\$942,954	\$186,132,888	\$56,617,981	(\$24,796)	\$183,788,338
General Fund	21,737,319	1,419,951	(12,430)	23,144,840	(325,257)	(12,398)	21,399,664
State/Other Special	411,046	99,205	0	510,251	99,205	0	510,251
Federal Special	105,046,788	56,475,625	955,384	162,477,797	56,844,033	(12,398)	161,878,423
Total Funds	\$127,195,153	\$57,994,781	\$942,954	\$186,132,888	\$56,617,981	(\$24,796)	\$183,788,338

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,585,959	FY04	(\$276,931)
FY05	\$3,188,230	FY05	(\$676,931)

PL- 2 - ECSB Admin and Subsidy Caseload Adjustment -

This request adds \$3,862,890 in FY 2004, and \$3,865,161 in FY 2005 in federal fund authority for Early Childhood Services subsidy payments and program management. The general fund biennium base reductions of \$953,862 reduce the childcare matching funds that may be necessary for drawing federal matching dollars.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$4,977,143)	FY04	\$0
FY05	(\$4,977,143)	FY05	\$0

PL- 3 - Elimination of TANF FAIM Phase IIR -

All of the FAIM Phase IIR (with the exception of those items tied to benefits) is reduced by \$4,977,143 federal funds each year of the biennium, which were anticipated last session be one-time appropriations.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,348,230	FY04	\$0
FY05	\$1,901,500	FY05	\$0

PL- 4 - CACFP Present Law Adjustment -

This request increases federal appropriation authority by \$1,348,230 in FY 2004 and \$1,901,500 in FY 2005 commensurate with the anticipated historical growth of the Child and Adult Care Food Program, which is an entitlement meals program.

**Public Health & Human Services-6901
Human & Community Services Division-02**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,188,173	FY04	\$0
FY05	\$4,188,090	FY05	\$0

PL- 6 - IHSB Present Law Adjustment -

This adjustment requests an increase of authority for the Universal Systems Benefits Charge (USBC) state special revenue fund in the amount of \$100,000 per year and a net increase of \$4,088,173 in FY 2004 and \$4,088,090 in FY 2005 for the following federally funded grants: 1) U.S. Department of Health & Human Services Low Income Energy Assistance Program (LIEAP) grant; 2) U.S. Department of Energy weatherization grant; 3) U.S. Department of Agriculture (USDA) Emergency Food Assistance Program (TEFAP) grant, and 4) USDA Commodity Supplemental Food Program. A total of 1.00 FTE is requested to increase existing partial FTE's to full time. Also included is a decrease of \$359,219 federal authority in each year for the Residential Energy Assistance Challenge (REACH) grant that will be discontinued.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,666,648	FY04	\$0
FY05	\$3,666,648	FY05	\$0

PL- 8 - TANF Cash Benefits -

This request adds \$7,333,296 federal fund authority for the 2005 biennium to support TANF cash benefits.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$55,753,308	FY04	\$25,864
FY05	\$55,753,308	FY05	\$25,864

PL- 10 - Food Stamp Benefits and EBT -

This request adds \$51,728 general fund for the biennium to support the Food Stamp Electronic Benefit Transfer program. It also adds \$55,000,000 of federal funds each year to support food stamp benefits, most of which were paid directly to clients by the contractor and, therefore do not show in the base budget.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$111,442	FY04	\$0
FY05	\$111,442	FY05	\$0

PL- 11 - Refugee Resettlement -

This request adds \$111,442 per year of federal appropriation authority to fund the three different refugee resettlement grants.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$189,836	FY04	\$0
FY05	\$189,836	FY05	\$0

PL- 12 - Food Stamp Program (FSNEP) -

This request adds \$189,836 per year of federal appropriation authority to annualize the Food Stamp Nutrition Education Program grant and expand to two more counties.

Public Health & Human Services-6901

Human & Community Services Division-02

Total Agency Impact

FY04 \$1,153,882

FY05 \$0

General Fund Total

FY04 \$1,153,882

FY05 \$0

PL- 13 - TANF MOE For FFY 2003 -

This request adds \$1,153,882 general fund in FY 2004 as a one-time-only appropriation to allow the state to meet its TANF maintenance of effort (MOE) for FFY 2003. Other decision packages in this division have reduced other program budgets to support this action. If the state does not meet its MOE there are harsh federal penalties that would require additional state general fund to settle.

Total Agency Impact

FY04 (\$7,612,239)

FY05 (\$7,612,239)

General Fund Total

FY04 \$0

FY05 \$0

PL- 14 - Reduction in Child Care Base Budget -

There is a \$7,612,239 federal funds reduction in the base budget that supported childcare subsidy. This action is necessary because TANF block grant funds are not being transferred to the childcare discretionary fund due to the increased TANF caseload. Previously this funding supported TANF and working family childcare subsidies.

Total Agency Impact

FY04 (\$376,206)

FY05 (\$776,206)

General Fund Total

FY04 (\$188,103)

FY05 (\$388,103)

PL- 15 - County OPA Base Budget Reduction -

This request reduces the county Offices of Public Assistance base budgets by \$576,206 general fund and \$576,206 federal funds for the biennium. The reduction of this general fund supports the one-time only general fund request associated with decision package PL-13 (TANF MOE).

----- New Proposals -----

Total Agency Impact

FY04 \$228,905

FY05 \$0

General Fund Total

FY04 \$0

FY05 \$0

NP- 7 - DOE Weatherization Training Grant -

A biennial federal appropriation is requested to continue the Department of Energy Region 8 Weatherization Training grant in the amount of \$228,905. Although the current grant will expire September 30, 2005, it is recommended to be included in HB2 because of expectations that it will be ongoing.

Total Agency Impact

FY04 \$738,909

FY05 \$0

General Fund Total

FY04 \$0

FY05 \$0

NP- 9 - Housing Opportunities for Persons With AIDS-HOPWA -

A biennial federal appropriation of \$738,909 is requested to continue authority for the Housing Opportunities for Persons with AIDS (HOPWA) tri-state grant received from U.S. Department of Housing and Urban Development. The department was awarded the grant in FY 2002 to administer the program in Montana, North Dakota, and South Dakota. Although the current grant will expire September 30, 2005, it is recommended to be included in HB2 because of expectations that it will be ongoing.

**Public Health & Human Services-6901
Human & Community Services Division-02**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$24,860)	FY04	(\$12,430)
FY05	(\$24,796)	FY05	(\$12,398)

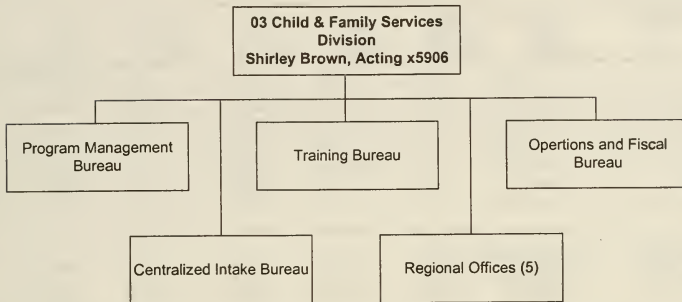
NP- 280 - FTE Reduction -

This proposal reduces 1.00 FTE for a saving of \$24,828 general fund and \$24,828 in federal funds for the biennium.

Language Recommendations - "The department may reduce the monthly TANF cash benefit payments to recipients for the following purpose(s): 1) to maintain the solvency of the grant; and/ or 2) as an attempt to meet departmental goals and performance indicators. In either case, the department will certify to the office of budget and program planning that the benefit reduction is required. Additionally, the department must conduct this cash benefit reduction in accordance with established administrative rules."

Public Health & Human Services-6901

Child & Family Services Div-03



Program Description - The Child and Family Services (CFS) Division administers child protective services, child abuse and neglect services, prevention services, domestic violence grants, and other programs designed to keep children safe and families strong. CFS oversees five regional offices that administer programs and are advised by Local Family Services Advisory Councils, which serve as the link between local communities and DPHHS. CFS is the primary user of the statewide CAPS (the Child and Adult Protective Services) computer system.

Statutory authority for the program is provided in Titles 41, 42, and 52, MCA, and 45 CFR, Parts 1355, 1356, 1357 and 1370.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Total Number of Children in Out of Home Care at some time throughout the year (unduplicated)	3,579	3,710	3,398	3,500	3,600	3,700
Finalized subsidized Adoption Caseload	970	1,180	1,376	1,556	1,736	1,916
Average Number of Placements per Child per year.	3.86	3.89	3.93	3.8	3.7	3.6
Total # of Families served by Prevention Programs	1,250 estimate	N/A	1,381	1,409	1,437	1,466
Average length of time (number of days) children remain in out of home placements	790	797	827	800	790	780
Permanent Placements	691	803	783	806	831	856
Use of extended families for kinship placement	908	978	882	1,000	1,100	1,200

Public Health & Human Services-6901

Child & Family Services Div-03

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	329.75	14.50	(6.30)	337.95	17.00	(6.30)	340.45
Personal Services	12,955,382	1,194,464	(227,879)	13,921,967	1,301,486	(227,283)	14,029,585
Operating Expenses	3,471,220	404,482	0	3,875,702	485,246	0	3,956,466
Equipment	22,955	0	0	22,955	0	0	22,955
Capital Outlay	28,398	0	0	28,398	0	0	28,398
Grants	3,712,927	0	(327,641)	3,385,286	0	(327,641)	3,385,286
Benefits & Claims	24,952,507	1,607,003	2,274,442	28,843,952	3,119,664	2,168,158	30,250,329
Debt Service	12,649	0	0	12,649	0	0	12,649
Total Costs	\$45,166,038	\$3,205,949	\$1,718,922	\$50,090,909	\$4,906,396	\$1,613,234	\$51,685,668
General Fund	21,330,764	762,440	(2,331,212)	19,761,992	1,036,551	(2,383,238)	19,984,077
State/Other Special	1,474,092	196,200	(2,742)	1,667,550	523,200	(2,742)	1,994,550
Federal Special	22,361,182	2,247,309	4,052,876	28,661,367	3,346,645	3,999,214	29,707,041
Total Funds	\$45,166,038	\$3,205,949	\$1,718,922	\$50,090,909	\$4,906,396	\$1,613,234	\$51,685,668

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$335,615	FY04 \$218,150
FY05 \$335,615	FY05 \$218,150

PL- 16 - Convert Modified FTEs to Permanent FTEs -

This request is for 7.00 FTE funded with \$218,150 general fund and \$117,465 federal funds in each year of the biennium to restore modified in-home services personnel.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$1,055,000	FY04 \$0
FY05 \$1,055,000	FY05 \$0

PL- 17 - Increased Federal Grants -

The division is requesting \$1,055,000 federal funds each year of the 2005 biennium for the following grants: the Safe and Stable Families grant \$425,000; the Domestic Violence grant \$300,000 the Adoption Incentive grant \$200,000; the Children's Justice Act grant \$70,000; the Child Abuse Prevention and Treatment Act grant \$40,000; and the Community-Based Family Resource and Support grant \$20,000.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$613,352	FY04 \$295,779
FY05 \$2,134,237	FY05 \$968,521

PL- 18 - Subsidized Adoption Caseload Increase -

This decision package increases the Subsidized Adoption program by \$295,779 general fund and \$317,573 federal funds in FY 2004 and increases the general fund by \$968,521 and the federal funds by \$1,165,716 in FY 2005. Approximately 48 percent of the Subsidized Adoption program is general fund. The Subsidized Adoption rate is based on the Foster Care rate.

Public Health & Human Services-6901

Child & Family Services Div-03

Total Agency Impact

FY04	5,000
FY05	\$100,000

General Fund Total

FY04	(\$42,720)
FY05	(\$213,920)

PL- 25 - SSI Specialists -

The division is requesting 1.50 FTE in FY 2004 and 2.00 FTE in FY 2005 for SSI specialists. The general fund will be reduced \$42,720, federal funds will be reduced \$78,480 and state special revenue funds will be increased \$196,200 in FY 2004. The general fund will be reduced \$213,920, federal funds will be reduced \$209,280 and state special revenue funds will be increased \$523,200 in FY 2005. These specialists will aggressively pursue SSI/SSA funding for kids who meet the SSI/SSA criteria and the positions should generate general fund savings of approximately \$42,720 in FY 2004 and \$213,920 in FY 2005.

Total Agency Impact

FY04	\$240,000
FY05	\$320,000

General Fund Total

FY04	(\$190,122)
FY05	(\$458,885)

PL- 26 - IV-E Eligibility -

This proposal requests 6.00 FTE in FY 2004 and 8.00 FTE in FY 2005 to fund Title IV-E eligibility specialists. This will result in a savings of \$649,007 general fund and an increase of \$1,209,007 in federal funds over the biennium.

Total Agency Impact

FY04	\$334,024
FY05	\$380,184

General Fund Total

FY04	\$183,713
FY05	\$209,101

PL- 27 - Rent Increases - Inflation -

The division is requesting \$334,024 in FY 2004 and \$380,184 in FY 2005 to provide additional funding for rent on current offices. Of these amounts, the general fund share is \$183,713 in FY 2004 and \$209,101 in FY 2005. The increase is needed to cover rent increases due to inflation and changes in office space location.

----- New Proposals -----

Total Agency Impact

FY04	\$0
FY05	\$0

General Fund Total

FY04	(\$3,000,000)
FY05	(\$3,000,000)

NP- 28 - Refinancing - Federal Funds -

The department is currently working on a "refinancing" project, which saves \$3,000,000 general fund and increases \$3,000,000 in federal funds each year of the biennium.

Total Agency Impact

FY04	(\$183,264)
FY05	(\$183,264)

General Fund Total

FY04	(\$183,264)
FY05	(\$183,264)

NP- 271 - Base Adjustment to BBBS -

This request eliminates funding for the Big Brothers Big Sisters program for a savings of (\$183,264) general fund in FY 2004 and (\$183,264) general fund in FY 2005.

**Public Health & Human Services-6901
Child & Family Services Div-03**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	(\$30,034)	FY05	(\$30,034)

NP- 272 - Base Adjustment to Central Office -

This request reduces the budget by \$30,034 general fund in FY 2005 and will result in a decrease in In-Home services.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$325,013)	FY04	(\$325,013)
FY05	(\$325,013)	FY05	(\$325,013)

NP- 273 - Base Adjustment for CPS Daycare -

The Child Protective Services Day Care budget is eliminated for a savings of \$325,013 general fund in FY 2004 and \$325,013 in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$77,641)	FY04	(\$77,641)
FY05	(\$77,641)	FY05	(\$77,641)

NP- 274 - Base Adjustment for Domestic Violence -

The Domestic Violence program is reduced by \$77,641 general fund in each year of the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,647,083	FY04	\$2,500,000
FY05	\$3,592,825	FY05	\$2,500,000

NP- 275 - Base Adjustment for Foster Care -

This adjustment would increase the Foster Care general fund budget by \$2,500,000 and the federal funds by \$1,147,083 in FY 2004 and would increase the Foster Care general fund budget by \$2,500,000 and the federal funds by \$1,092,825 in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$1,114,364)	FY04	\$1,114,364)
FY05	(\$1,136,356)	FY05	(\$1,136,356)

NP- 276 - Base Adjustment for In Home Services -

This request reduces In-Home Services general fund by \$1,114,364 in FY 2004 and \$1,136,656 general fund in FY 2005. This amount reflects the maximum the general fund can be reduced without losing the ability to spend the federal IV-B, Subpart 2 Promoting Safe and Stable Families grant which requires 25 percent state matching funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$227,879)	FY04	(\$130,930)
FY05	(\$227,283)	FY05	(\$130,930)

NP- 281 - FTE Reduction -

This proposal reduces 6.30 FTE for a savings of \$261,860 general fund, \$5,484 state special revenue and \$187,818 federal funds for the biennium.

Public Health & Human Services-6901

Director's Office-04

04 Director's Office
Gail Gray x5622

Program Description - The Director's Office provides overall policy development and administrative guidance for the department. Included in the Director's Office are legal affairs, personnel services, public information, customer relations, the prevention resource center, the Montana Tobacco Use Prevention Program, the AmeriCorps*VISTA Program, the Montana Abstinence First Education Program, and the Montana Telecommunications Access Program. The Department of Public Health and Human Services Statewide Advisory Council and the Native American Advisory Council are administratively attached and the director serves on the Interagency Coordinating Council for State Prevention Programs, which is attached to the Governor's Office.

Statutory authority is in Title 2, Chapter 15, part 22 and Title 53, Chapter 19, part 3, MCA.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated 2003	Estimated 2004	Estimated 2005
MTAP Relay Service total minutes per year	329,404	428,032	420,536	448,470	478,260	510,029
MTAP Relay Service total costs per year (cost per minute based on cost for service in contract with Sprint Communications)	395,285	451,942	448,702	583,012	621,738	663,038
Average calls per year (average minutes per call - 6.4 minutes)	51,469	66,880	65,709	70,073	74,728	79,692

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	47.00	0.00	2.75	49.75	0.00	2.75	49.75
Personal Services	2,420,580	(209,346)	108,213	2,319,447	(208,051)	107,867	2,320,396
Operating Expenses	2,345,303	192,864	456,743	2,994,910	202,413	456,743	3,004,459
Grants	22,896	0	0	22,896	0	0	22,896
Debt Service	22,025	0	750	22,775	0	750	22,775
Total Costs	\$4,810,804	(\$16,482)	\$565,706	\$5,360,028	(\$5,638)	\$565,360	\$5,370,526
General Fund	1,594,576	(560,184)	0	1,034,392	(557,476)	0	1,037,100
State/Other Special	1,171,486	626,095	179,527	1,977,108	631,975	179,423	1,982,884
Federal Special	2,044,742	(82,393)	386,179	2,348,528	(80,137)	385,937	2,350,542
Total Funds	\$4,810,804	(\$16,482)	\$565,706	\$5,360,028	(\$5,638)	\$565,360	\$5,370,526

**Public Health & Human Services-6901
Director's Office-04**

----- Present Law Adjustments -----

PL- 31 - MTAP Program Increases - OTO -

Montana Relay Service growth, increased outreach efforts, increased rent, and anticipated equipment costs will require the addition of \$349,997 state special revenue over the biennium. This request is for a one-time-only appropriation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$172,297	FY04 \$0
FY05	\$177,700	FY05 \$0

PL- 100 - Change Tobacco Prevention Funding -

This request replaces \$907,188 general fund with \$907,188 state special revenue funds (tobacco use prevention funds) for the biennium due to the passage of Initiative 146.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$0	FY04 (\$453,611)
FY05	\$0	FY05 (\$453,577)

----- New Proposals -----

NP- 29 - MTAP Mt Relay Video Relay Service - OTO -

This proposal requests \$289,200 state special revenue for the biennium to provide Video Relay Service. This request is for a one-time-only appropriation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$144,600	FY04 \$0
FY05	\$144,600	FY05 \$0

NP- 30 - MTAP Eligibility Technician -

There is recommended \$69,750 state special revenue for the biennium and 1.00 FTE grade 13 eligibility technician to determine if applicants qualify to receive equipment based on changes by the 2001 Legislature to the Montana Telecommunications Access Program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$34,927	FY04 \$0
FY05	\$34,823	FY05 \$0

NP- 32 - Montana Abstinence Program -

This proposal requests \$84,390 federal funds and 1.00 FTE for the biennium for the Abstinence Program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$42,264	FY04 \$0
FY05	\$42,126	FY05 \$0

NP- 33 - Corporation for National Services -

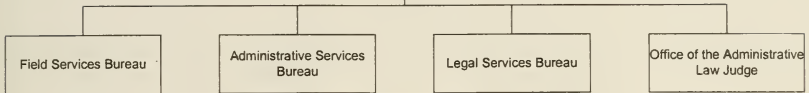
Request \$687,726 federal funds and 0.75 FTE for the biennium for the Corporation for National Services grant.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$343,915	FY04 \$0
FY05	\$343,811	FY05 \$0

Public Health & Human Services-6901

Child Support Enforcement-05

05 Child Support Enforcement
Division
Lonnie Olson x3338



Program Description - The purpose of the Child Support Enforcement Division (CSED) is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children. Child support payments are collected for families receiving public assistance, Families Achieving Independence in Montana (FAIM), and those not on assistance. Services are available to any applicant regardless of income level.

Activities carried out by program staff are authorized in Title 40, Chapter 5, MCA, and are mandated by the federal government in accordance with Title IV-D of the Social Security Act, 42 USC 651 et seq., and 45 CFR, Chapter 3.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Percent of cases in enforcement	76%	84%	84%	84%	84%	84%
Child Support Collections	48,418,470	50,100,038	51,423,420	51,400,000	51,500,000	51,500,000

Program Proposed Budget							
Program Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	176.25	0.00	0.00	176.25	0.00	0.00	176.25
Personal Services	6,477,726	921,840	0	7,399,566	937,544	0	7,415,270
Operating Expenses	2,708,616	(13,530)	0	2,695,086	(12,226)	0	2,696,390
Debt Service	14,264	0	0	14,264	0	0	14,264
Total Costs	\$9,200,606	\$908,310	\$0	\$10,108,916	\$925,318	\$0	\$10,125,924
General Fund	224,997	0	0	224,997	0	0	224,997
State/Other Special	2,799,172	358,742	0	3,157,914	364,297	0	3,163,469
Federal Special	6,176,437	549,568	0	6,726,005	561,021	0	6,737,458
Total Funds	\$9,200,606	\$908,310	\$0	\$10,108,916	\$925,318	\$0	\$10,125,924

----- Present Law Adjustments -----

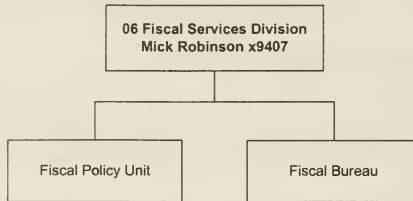
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	(\$10,176)	\$0
FY05	(\$10,982)	\$0

PL- 236 - Reduce the Number of Leased Vehicles -

This request reduces \$7,194 in state special revenue and \$13,964 in federal funds for the biennium to lease two State Motor Pool vehicles that will no longer be needed.

Public Health & Human Services-6901

Fiscal Services Division-06



Program Description - Fiscal Services Division provides support including financial and accounting services; agency cash management; preparation and filing of federal financial reports; and purchasing of supplies and equipment for the department. The division provides leadership and guidance in the development and implementation of accounting policies and procedures, as well as innovative, effective and efficient business processes that represent best practices.

The division's funding is a complex mixture of state and federal money determined by ratios associated with total departmental funding. Approximately 46 percent of the funding comes from federal sources.

Statutory authority is in Title 17, Chapter 1, part 1, and Chapter 2, MCA, and 45 CFR Subtitle A, Part 92 and Subpart C92.2.

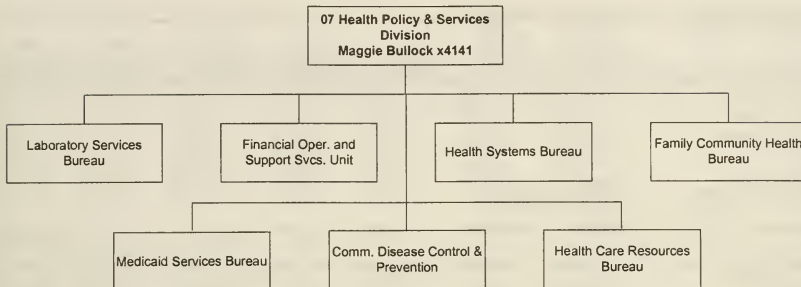
Program Indicators -

Indicator	Actual FY2000*	Actual FY2001*	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Total number of payments processed	n/a	n/a	650,419	660,175	670,078	680,129
Reimbursement Collections	n/a	n/a	\$23,839,437	\$23,845,000	\$23,850,000	\$23,855,000
Reimbursement Claims Processed	n/a	n/a	19,747	19,797	19,847	19,897
Number of Accountable Grants/Funds	n/a	n/a	152	153	154	155

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	50.00	0.00	0.00	50.00	0.00	0.00	50.00
Personal Services	1,907,552	143,188	0	2,050,740	145,761	0	2,053,313
Operating Expenses	3,011,475	133,720	0	3,145,195	(133,907)	0	2,877,568
Debt Service	40,895	0	0	40,895	0	0	40,895
Total Costs	\$4,959,922	\$276,908	\$0	\$5,236,830	\$11,854	\$0	\$4,971,776
General Fund	2,322,416	117,943	0	2,440,359	(6,635)	0	2,315,781
State/Other Special	278,275	25,347	0	303,622	(8,079)	0	270,196
Federal Special	2,359,231	133,618	0	2,492,849	26,568	0	2,385,799
Total Funds	\$4,959,922	\$276,908	\$0	\$5,236,830	\$11,854	\$0	\$4,971,776

Public Health & Human Services-6901

Health Policy & Services Division-07



Program Description - The purpose of the Health Policy and Services Division is to improve and protect the health and safety of Montanans. The division provides a wide range of preventive, primary, acute care, and public health services to individuals and communities. Services are provided through a broad range of private and public providers, including physicians, public health departments, clinics, and hospitals. The division administers public health programs including, but not limited to clinical and environmental laboratory services, Women's, Infants and Children's Special Nutrition Program (WIC), Maternal and Child Public Health Services, Immunization Programs, STD/HIV prevention, Food and Consumer Safety, Emergency Medical Services, Family Planning, chronic disease prevention, Bioterrorism and Hospital Disaster Preparedness, acute and primary care components of the Medicaid Program and the Children's Health Insurance Program (CHIP) and services for children with special health care needs.

Public health is administered at both the state level and at the local level through contract arrangements with local public health and other health service agencies. The division contracts with over 700 non-profit providers for the delivery of health care services. Medicaid is a voluntary state/federal partnership to provide and finance these services to the aged, blind, disabled, or low-income families.

The division administers CHIP as a separate health insurance program and contracts with an insurance plan to provide medical services. CHIP dental and eyeglasses benefits are provided by the department.

Statutory authority for Public health functions is in Title 50, MCA, including local public health activities. Rules concerning public health programs are in Title 37 of the Administrative Rules of Montana. Specific citations include: Maternal and Child Health Title 50, Chapter 1 and Chapter 19, MCA, and Title V of the Social Security Act; Family Planning Title X of the federal Public Health Service Act and 42 CFR, Subpart A, Part 59; WIC P. L. 95-627, Child Nutrition Act of 1966, and 7CFR part 246; Medicaid Title 53, Chapter 6, MCA, and Title XIX of the Social Security Act (42 USC. 1396, et seq.); and CHIP Title 53, Chapter 4, MCA, and Title XXI of the Social Security Act.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of clients served by WIC Program	21,229	21,330	21,121	21,332	21,545	21,760
Net Food Costs for WIC	\$7,946,395	\$8,774,269	\$8,798,845	\$9,241,022	\$9,708,177	\$10,197,258

Public Health & Human Services-6901

Health Policy & Services Division-07

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	172.03	17.00	14.00	203.03	17.00	14.00	203.03
Personal Services	7,272,990	1,488,080	655,241	9,416,311	1,489,512	653,326	9,415,828
Operating Expenses	13,059,322	1,817,503	3,000,644	17,877,469	1,960,991	2,562,242	17,582,555
Equipment	105,663	952,619	0	1,058,282	1,421,209	0	1,526,872
Grants	7,154,994	7,055,377	(588,826)	13,621,545	6,501,776	(588,576)	13,068,194
Benefits & Claims	265,239,721	22,915,407	(1,158,622)	286,996,506	40,963,239	(1,875,913)	304,327,047
Debt Service	17,881	0	51,988	69,869	0	0	17,881
Total Costs	\$292,850,571	\$34,228,986	\$1,960,425	\$329,039,982	\$52,336,727	\$751,079	\$345,938,377
General Fund	65,202,469	6,346,904	(7,577,453)	63,971,920	10,926,657	(8,137,892)	67,991,234
State/Other Special	4,034,013	2,079,113	4,562,719	10,675,845	2,123,114	4,672,601	10,829,728
Federal Special	223,614,089	25,802,969	4,975,159	254,392,217	39,286,956	4,216,370	267,117,415
Total Funds	\$292,850,571	\$34,228,986	\$1,960,425	\$329,039,982	\$52,336,727	\$751,079	\$345,938,377

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$46,583	FY04 \$0
FY05 \$46,451	FY05 \$0

PL- 39 - Distance Learning Coordinator Position -

This request is for \$93,034 in federal funds and 1.00 FTE for the biennium to make permanent the modified position for the state's distance learning coordinator.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 \$0
FY05 \$0	FY05 \$0

PL- 41 - Primary Care Recruitment of Local Medical Provider -

This request is to transfer authority from contracted services to personal services for 0.50 FTE to improve recruitment and retention of medical providers in Montana's rural areas. These services are currently provided by temporary contracted services.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$20,240,103	FY04 \$5,904,545
FY05 \$36,903,750	FY05 \$10,231,918

PL- 50 - Medicaid Caseload Adjustment 2004 and 2005 -

The Medicaid caseload adjustment for the biennium is projected to increase by \$57,077,068 including \$16,136,463 general fund, \$3,500,000 state special revenue from tobacco interest and \$37,440,605 federal funds. Medicaid is an entitlement program for all who meet the eligibility criteria.

Public Health & Human Services-6901
Health Policy & Services Division-07

Total Agency Impact

FY04	\$1,485,704
FY05	\$2,270,003

General Fund Total

FY04	\$402,923
FY05	\$625,840

PL- 56 - Medicare Buy-In Caseload Adjustment for 2004-2005 -

This request reflects expected increases in premiums for Medicare Part A and Part B that have been projected by the department. This request is for \$3,755,707 over the biennium including \$1,028,763 general fund as mandated by federal law.

Total Agency Impact

FY04	\$82,700
FY05	\$82,700

General Fund Total

FY04	\$0
FY05	\$0

PL- 57 - Enhance SEARCH Program -

This request is for \$82,700 in federal funds to increase funding from \$69,300 to \$152,000 per year for the National Health Services Corps SEARCH program.

Total Agency Impact

FY04	\$8,000
FY05	\$8,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 60 - FDA Contract Increase -

There is an additional \$16,000 federal funds for the biennium for contract expenses by the Food and Consumer Safety Section with the FDA to inspect food manufacturers.

Total Agency Impact

FY04	\$50,000
FY05	\$50,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 62 - Hearing Aids/Devices for Children -

There is recommended \$100,000 of Montana Telephone Access Program state special revenue funds for the biennium to purchase hearing aids for infants and children through the age of five.

Total Agency Impact

FY04	\$10,181,468
FY05	\$10,181,296

General Fund Total

FY04	\$0
FY05	\$0

PL- 64 - Bioterrorism Preparedness -

This proposal will authorize \$20,362,764 federal funds and 15.50 FTE for the biennium for bioterrorism preparedness. These funds are to upgrade state and local public health jurisdiction preparedness for and response to bioterrorism, other outbreaks of infectious disease and other public health threats and emergencies and to upgrade hospital preparedness.

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<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,139,600	FY04	\$0
FY05	\$1,739,486	FY05	\$0

PL- 68 - IHS Caseload Adjustment -

The \$2,879,086 in federal funds for the biennium is due to Indian Health Services caseload increases.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$64,000	FY04	\$0
FY05	\$98,000	FY05	\$0

PL- 70 - Increase Laboratory Supply Budget -

This request adds \$162,000 of state special revenue authority for the biennium to meet the projected increase in the laboratory supply budget for increased test volumes.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$130,000	FY04	\$32,500
FY05	\$132,960	FY05	\$33,240

PL- 72 - Increase for Utilization Review Contract -

This request adds \$197,220 in federal funds and \$65,740 in general fund for the biennium to increase the contract for utilization review and prior authorization of pharmacy services due to projected increases in Medicaid.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$251,963	FY04	\$0
FY05	\$115,583	FY05	\$0

NP- 37 - Family Planning Supplemental Authority -

This request is for \$367,546 additional federal funds for an increased family planning grant for the next biennium and a 0.50 FTE for the Women's and Men's Health Section.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$417,510	FY04	\$0
FY05	\$417,232	FY05	\$0

NP- 40 - Obesity Prevention Program -

The Obesity Prevention program is requesting additional federal funding of \$194,484 to make permanent 2.00 FTE and \$640,258 in operating expenses for a total of \$834,742 for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$0
FY05	\$300,000	FY05	\$0

NP- 42 - Immunization Increase -

This proposal requests \$600,000 in federal funds over the biennium to support increased immunization activities at county public health departments and to distribute vaccine and provide required quality control for the vaccine supply.

**Public Health & Human Services-6901
Health Policy & Services Division-07**

Total Agency Impact

FY04	\$53,398
FY05	\$53,252

General Fund Total

FY04	\$0
FY05	\$0

NP- 45 - Behavior Risk Factor Surveillance Coordinator -

This request is for \$106,650 in federal funds over the biennium for 1.00 FTE to make permanent a modified position for the state Behavior Risk Factor Surveillance System coordinator and for data analysis and epidemiological support to the Montana Breast and Cervical Health Program.

Total Agency Impact

FY04	\$50,798
FY05	\$50,652

General Fund Total

FY04	\$0
FY05	\$0

NP- 48 - Fetal Alcohol Syndrome Coordinator -

This request is for \$101,450 in federal funds for the biennium for fetal alcohol syndrome prevention and to convert the existing 1.00 FTE, modified fetal alcohol syndrome coordinator position, to permanent status.

Total Agency Impact

FY04	\$51,988
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

NP- 49 - Pay Off Wells Fargo Loan for Equipment -

An additional \$51,988 in state special revenue authority is needed for early pay off of the loan with Wells Fargo Bank for the purchase of organic chemistry equipment for the Environmental Laboratory. The fund balance is adequate now to pay off the loan.

Total Agency Impact

FY04	\$0
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

NP- 51 - WIC Administrative Support -

This request adds 1.00 FTE and \$53,550 for the biennium in federal funds to the Women, Infants and Children's Special Supplemental Nutrition Program (WIC) staff and reduces \$53,550 in federal funds for the biennium in operating expenses for a temporary person.

Total Agency Impact

FY04	\$546,229
FY05	\$546,229

General Fund Total

FY04	\$207,174
FY05	\$208,378

NP- 52 - Medicaid Breast & Cervical Cancer Treatment Prog -

This request is for \$1,092,458 for the biennium including \$415,552 general fund to provide continued funding for the Medicaid expenditures related to the Breast & Cervical Cancer Treatment Program for those individuals determined to be Medicaid eligible.

Public Health & Human Services-6901

Health Policy & Services Division-07

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$939,750	FY04	\$0
FY05	\$939,618	FY05	\$0

NP- 53 - Montana Breast & Cervical Health Program -

The Montana Breast and Cervical Health (MBCH) program is requesting an increase in federal funding of \$93,034 for 1.00 FTE to make permanent the modified position for the American Indian screening coordinator position and \$1,786,334 for increased services for a total of \$1,879,368 over the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$27,506	FY04	\$0
FY05	\$27,434	FY05	\$0

NP- 54 - Epidemiology Support for Diabetes Program -

This request is for 0.50 FTE and \$54,940 federal funds over the biennium for epidemiology support for the Montana Diabetes program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$85,284	FY04	\$0
FY05	\$85,101	FY05	\$0

NP- 55 - School Health Coordinator -

This request is for 1.50 FTE (1.00 FTE grade 16 and 0.50 FTE grade 9) to make permanent the current modified positions for the Coordinated School Health program and additional operating expenses, adding \$170,385 in state special revenue authority for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$8,064,978	FY04	(\$113,257)
FY05	\$7,748,978	FY05	(\$277,648)

NP- 65 - School Services Contract and Program Monitor -

Authority for a Medicaid school-based services contract and 1.00 FTE for a school-based services program monitor is recommended. There will be a net savings to the general fund of \$390,905 and an increase of \$16,204,861 in federal funds over the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$298,802)	FY04	(\$23,341)
FY05	(\$411,502)	FY05	(\$54,862)

NP- 66 - Medicaid Pharmacy Audit -

The \$78 million Medicaid pharmacy program has no audit component and its costs are increasing faster than all other health care costs. This request is for total savings of \$710,304 over the biennium including \$78,203 general fund as a result of establishing an in-depth audit program for the Medicaid pharmacy program.

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<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$195,000	FY04	\$0
FY05	\$195,000	FY05	\$0

NP- 67 - Laboratory Equipment Replacement -

Replacement of laboratory equipment will require \$390,000 in state special revenue authority for the biennium to replace laboratory equipment as it reaches the end of useful life expectancy.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$250,000	FY04	\$0
FY05	\$250,000	FY05	\$0

NP- 74 - County Public Health Department Administrative IGT -

Spending authority for intergovernmental transfers for county public health department to inform all eligible Medicaid recipients under 21 about EPSDT services in the amounts of \$250,000 in FY 2004 and \$250,000 in FY 2005 is recommended.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$54,128	FY04	\$0
FY05	\$53,997	FY05	\$0

NP- 237 - Cardiovascular Disease 1.5 FTE -

Last legislative session there were 1.50 FTE added as one-time-only with federal funds. Now \$108,125 in federal funds for the biennium is recommended to be restored for an administrative staff support person for the Cardiovascular Health Program and one half an epidemiology position shared by the Cardiovascular Health and the Diabetes Programs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$100,000)	FY04	(\$100,000)
FY05	(\$100,000)	FY05	(\$100,000)

NP- 240 - Eliminate ESRD Program -

This proposal will eliminate the \$200,000 general fund support of the End Stage Renal Disease program over the biennium since there has never been sufficient funding for the program. There are 95 claimants of all ages who receive help with costs for hospital and medical care.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$921,829)	FY04	(\$250,000)
FY05	(\$906,783)	FY05	(\$250,000)

NP- 242 - Reduce Optional Services -

Reduce Optional Medicaid services for recipients over the age of 21 by \$500,000 general fund and \$1,328,612 federal funds for the biennium. The department will identify and reduce optional services in an effort to minimize the impact of cost shifting to other programs.

Public Health & Human Services-6901
Health Policy & Services Division-07

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
NP- 244 - Limit Physicians Visits to 10 Per Year -	FY04 (\$2,583,190)	FY04 (\$700,561)
The number of physician visits for SSI and TANF recipients will be limited to 10 per year and will result in a saving of \$5,342,744 in total funds (\$1,461,370 general fund) over the biennium. If additional services are medically necessary they will be authorized and paid for by Medicaid.	FY05 (\$2,759,554)	FY05 (\$760,809)

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
NP- 245 - Eliminate Poison Control System -	FY04 (\$38,954)	FY04 (\$38,954)
The poison control system, which handles nearly 10,000 cases per year, is eliminated for a \$77,908 general fund biennial savings.	FY05 (\$38,954)	FY05 (\$38,954)

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
NP- 246 - Reduce Tumor Registry General Fund Support -	FY04 (\$26,774)	FY04 (\$26,774)
General fund support for the Tumor Registry is reduced by 33 percent for a \$53,548 general fund savings over the biennium.	FY05 (\$26,774)	FY05 (\$26,774)

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
NP- 247 - Eliminate Gen Fund Support for Public Health Lab -	FY04 (\$185,374)	FY04 (\$185,374)
This proposal reduces \$370,748 in general fund over the biennium from the public health laboratory. This request represents 100 percent of the general fund support for the state public health laboratory.	FY05 (\$185,374)	FY05 (\$185,374)

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
NP- 248 - Reduce Epidemiology and Surveillance Gen Fund -	FY04 (\$25,000)	FY04 (\$25,000)
This proposal saves \$50,000 general fund over the biennium for Epidemiology and Surveillance.	FY05 (\$25,000)	FY05 (\$25,000)

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
NP- 249 - Eliminate AIDS Prevention General Fund -	FY04 (\$42,000)	FY04 (\$42,000)
General fund support for AIDS treatment is reduced by \$84,000 over the biennium.	FY05 (\$42,000)	FY05 (\$42,000)

**Public Health & Human Services-6901
Health Policy & Services Division-07**

Total Agency Impact

FY04	(\$567,128)
FY05	(\$567,128)

General Fund Total

FY04	(\$567,128)
FY05	(\$567,128)

NP- 250 - Eliminate MIAMI/ Perinatal General Fund Support -

This proposal will eliminate all general fund for the MIAMI/ Perinatal Program. The \$1,134,256 general fund in the 2005 biennium is about 30 percent of the required state match for the MCH block grant.

Total Agency Impact

FY04	(\$12,828)
FY05	(\$12,828)

General Fund Total

FY04	(\$12,828)
FY05	(\$12,828)

NP- 251 - Eliminate Gen Fund Support For Farmers Market -

General fund support for the farmer's market nutrition program of \$25,656 is eliminated for the biennium.

Total Agency Impact

FY04	(\$25,948)
FY05	(\$25,948)

General Fund Total

FY04	(\$25,948)
FY05	(\$25,948)

NP- 252 - Eliminate Family Planning Gen Fund Support -

General fund support for family planning of \$51,896 is eliminated over the biennium.

Total Agency Impact

FY04	\$0
FY05	\$0

General Fund Total

FY04	(\$4,096,947)
FY05	(\$4,258,500)

NP- 253 - Fund Switch For The CHIP Program -

This proposal is a fund switch due to the passage of I-146 for the CHIP program. This request will reduce the general fund by \$8,355,447 and increase \$8,355,447 state special revenue for the biennium. A portion of the savings and the state special revenue will be used to offset Medicaid general fund due to restoring Medicaid eligibility cuts in order to continue the CHIP program.

Total Agency Impact

FY04	(\$4,660,566)
FY05	(\$5,095,122)

General Fund Total

FY04	(\$1,263,945)
FY05	(\$1,404,725)

NP- 254 - Reduce Provider Reimbursement -

This decision package reduces the payments made to Medicaid providers, saving \$2,668,670 general fund and \$7,087,018 federal funds for the biennium.

Public Health & Human Services-6901
Health Policy & Services Division-07

Total Agency Impact

FY04	\$510,866
FY05	\$510,866

General Fund Total

FY04	\$0
FY05	\$0

NP- 255 - Environmental Health Tracking -

This proposal is to establish authority for Environmental Health Tracking. A five-year cooperative agreement between the National Center for Environmental Health at the Centers for Disease Control and Prevention and the DPHHS is in place. The funding is 100 percent federal at the rate of \$510,866 per year for five years or \$1,021,732 for the biennium. The hope is that with the establishment of a tracking program, tragedies such as Libby can be averted. Montana received one of 10 awards. Funding will provide for 2.00 FTE to work with the agency medical officer and consultants from other state agencies and institutions as well as the national center to establish a program linking environmental exposures and chronic diseases

Total Agency Impact

FY04	\$590,000
FY05	\$590,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 256 - Libby Asbestos Screening -

This proposal is to establish and operate a screening and surveillance program for current and prior residents exposed to asbestos minerals from vermiculite in Libby. The federal Agency for Toxic Substances and Disease Registry will provide \$590,000 per year for a period of five years. This program will provide screening and surveillance and will require 2.00 FTE.

Total Agency Impact

FY04	(\$305,634)
FY05	(\$312,071)

General Fund Total

FY04	(\$82,888)
FY05	(\$86,038)

NP- 257 - Transportation program changes -

This proposal is to change the reimbursement rate for mileage for Medicaid transportation. This request will save \$168,926 general fund and \$448,779 in federal funds over the biennium.

Total Agency Impact

FY04	(\$303,732)
FY05	(\$298,774)

General Fund Total

FY04	(\$82,372)
FY05	(\$82,372)

NP- 258 - Pharmacy Program Changes -

This proposal will make administrative changes to the Medicaid pharmacy program that will result in a savings of \$164,744 general fund and \$437,762 federal funds over the biennium.

Total Agency Impact

FY04	(\$35,000)
FY05	(\$35,000)

General Fund Total

FY04	(\$35,000)
FY05	(\$35,000)

NP- 259 - Reduce HPSP Administration -

This proposal will reduce Health Policy and Services Division administrative budget by \$70,000 general fund over the biennium.

**Public Health & Human Services-6901
Health Policy & Services Division-07**

Total Agency Impact

FY04	(\$339,605)
FY05	(\$334,062)

General Fund Total

FY04	(\$92,101)
FY05	(\$92,101)

NP- 260 - Property Eligibility Exclusion Medicaid Reduction -

This proposal will change the way property is counted when determining eligibility for Medicaid. This request will save \$184,202 general fund and \$489,465 in federal funds over the biennium.

Total Agency Impact

FY04	\$77,521
FY05	\$77,521

General Fund Total

FY04	\$0
FY05	\$0

NP- 261 - Rape Prevention -

This proposal is for new federal funding from the Center for Disease Control for the Montana rape prevention and education programs. This request is for \$155,042 in federal funds for the biennium.

Total Agency Impact

FY04	(\$42,630)
FY05	(\$42,510)

General Fund Total

FY04	(\$20,209)
FY05	(\$20,209)

NP- 282 - FTE Reduction -

This proposal reduces 1.00 FTE for a savings of \$40,418 general fund and \$44,722 federal funds for the biennium.

----- Other Legislation Required to Implement HB 2 -----

Total Agency Impact

FY04	\$8,500
FY05	\$9,000

General Fund Total

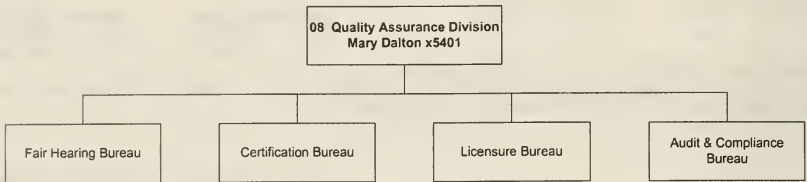
FY04	\$0
FY05	\$0

NP- 8063 - Pool & Spa Exemptions -

Swimming pools and spas owned and operated by subdivisions of state government are exempt from the \$50 or \$75 per year license fee, depending on type of facility, but are inspected and regulated identically to those operated by private entities. This request is for an increase in state special revenue of \$17,500 over the biennium, contingent on passage and approval of LC 434, which would charge for the inspections commensurate with costs.

Public Health & Human Services-6901

Quality Assurance Division-08



Program Description - The Quality Assurance Division provides comprehensive and services that:

- Protect the safety of clients utilizing Montana's health care, day care, and residential providers through licensure and/or certification of 2,567 facilities, 318 of which are certified for Medicare and Medicaid.
- Detect and investigate abusive or fraudulent practices Medicaid program and initiate recovery efforts
- Reduce Medicaid costs by identifying other insurers or parties responsible for paying a client's medical expenses
- Provide independent audits for DPHHS programs
- Provide independent fair hearings for clients and providers participating in DPHHS programs
- Furnish facility management services for the majority of state institutions
- Monitor and evaluate health maintenance organizations for quality assurance and network adequacy
- Maintain Certified Nurse Aide Registry
- Approve and monitor 74 Nurse Aide Training programs
- Operate the Certificate of Need (CON) Program

Quality Assurance Division accomplishments for FY 2002 include

- Saving Medicaid \$85,162,858 by identify other insurance resources for beneficiaries, including Medicare, health insurance, and casualty settlements
- Recovering through the Medicaid Lien and Estate Recovery program \$1,088,706
- Regaining \$1,032,216 in overpayments to clients for TANF, Food Stamps, Medicaid and day care
- Retrieving \$1,180,939 Medicaid overpayments to providers

Program Reorganization - The department internal audit function was moved to the Quality Assurance Division from the Director's Office in FY 2003. The reorganization involved the transfer of 1.00 FTE.

Statutory authority: 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C.; Title 50, Chapter 5, parts 1 and 2, Title 50, Chapter 5, part 11, Title 52, Chapter 2, part 7, and Title 53, Chapter 2, section 501, MCA; CFR 21, CFR 49, CFR 10; P.L. 102-359 (10-27-92).

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
State Health Care Licensure Visits	864	211	234	325	357	393
Medicaid Overpayment Recoveries/Cost Avoidance (in millions)	65,885,681	76,499,743	86,338,209	97,618,676	110,309,103	123,546,195

**Public Health & Human Services-6901
Quality Assurance Division-08**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	109.70	0.00	(2.00)	107.70	0.00	(2.00)	107.70
Personal Services	4,258,309	780,964	(91,095)	4,948,178	776,077	(91,477)	4,942,909
Operating Expenses	2,278,519	82,593	0	2,361,112	86,948	0	2,365,467
Equipment	17,498	0	0	17,498	0	0	17,498
Grants	354,100	0	0	354,100	0	0	354,100
Total Costs	\$6,908,426	\$863,557	(\$91,095)	\$7,680,888	\$863,025	(\$91,477)	\$7,679,974
General Fund	1,955,210	323,615	(31,828)	2,246,997	321,879	(31,828)	2,245,261
State/Other Special	224,944	46,074	0	271,018	46,038	0	270,982
Federal Special	4,728,272	493,868	(59,267)	5,162,873	495,108	(59,649)	5,163,731
Total Funds	\$6,908,426	\$863,557	(\$91,095)	\$7,680,888	\$863,025	(\$91,477)	\$7,679,974

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$73,782	FY04 \$0
FY05 \$73,782	FY05 \$0

PL- 76 - TPL Lien & Estate Recovery -

This request is for \$73,782 state special revenue and \$73,782 federal funds for the biennium to increase the contract that recovers funds from the estates and property of Medicaid clients who have received nursing home services and enhances recoveries from third party insurances. The contract, which was expanded in the third quarter of FY 2002 to include enhanced recoveries from third party insurance, will be annualized and increased for re-bid in January 2003

----- New Proposals -----

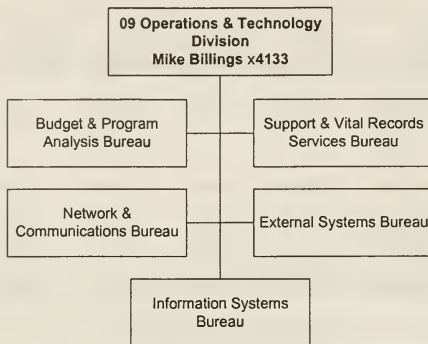
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$91,095)	FY04 (\$31,828)
FY05 (\$91,477)	FY05 (\$31,828)

NP- 286 - FTE Reduction -

This proposal reduces 2.00 FTE for a savings of \$63,656 general fund and \$118,916 in federal funds for the biennium.

Public Health & Human Services-6901

Operations & Technology Div-09



Program Description - Operations and Technology Division (OTD) provides support services including preparation and management of the executive budget and budget planning, financial services, and cost projections for benefit programs such as Medicaid. The division is responsible for the development and operation of internal computer systems including ISERV (time recording), PERQS (purchasing and accounts payable system), AWACS (payment data base), MICRS (institutional reimbursement tracking system), technical planning of electronic government applications, telecommunications, security, vital records management, and internal support services such as lease management, fleet management, and mailroom services.

The division manages contracts for major state computer systems: The Economic Assistance Management System (TEAMS), the Child Care Under the Big Sky (CCUBS), the System for Enforcement and Recovery of Child Support (SEARCHS), the Montana Medicaid Information System (MMIS), the Child & Adult Protective Services System (CAPS), and the Montana Medicaid Management Information Reporting System (MMIRS). The division also manages the Virtual Human Services Pavilion, designed and developed to provide citizens with easy access to a wide range of government services and information. OTD also manages vital records and statistics.

Statutory authority is in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L. 96-265.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Birth Certificates Issued On-Line	31,642	38,479	54,455	65,000	65,000	65,000
Networks Managed	90	95	100	70	70	70
External Systems – Transactions TEAMS SEARCHS CAPS	87,026,230	95,447,205	95,190,508	95,000,000	95,000,000	95,000,000
Leases Managed	79	76	76	78	78	78
Medicaid Warrants Issued	94,954	106,620	111,493	117,068	122,921	129,067
Medicaid Claims Processed	4,919,922	5,069,994	5,220,075	5,374,589	5,533,677	5,697,474
PC's Supported	2,850	2,900	2,950	3,000	3,025	3,025
Information Systems Work Orders Completed	201	97	148	100	125	125

Public Health & Human Services-6901

Operations & Technology Div-09

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	75.50	0.00	0.00	75.50	0.00	0.00	75.50
Personal Services	3,507,031	97,101	0	3,604,132	95,121	0	3,602,152
Operating Expenses	21,097,511	209,680	0	21,307,191	321,185	0	21,418,696
Equipment	60,151	0	0	60,151	0	0	60,151
Debt Service	229,101	0	0	229,101	0	0	229,101
Total Costs	\$24,893,794	\$306,781	\$0	\$25,200,575	\$416,306	\$0	\$25,310,100
General Fund	8,939,659	67,248	0	9,006,907	112,406	0	9,052,065
State/Other Special	864,332	63,282	0	927,614	72,785	0	937,117
Federal Special	15,089,803	176,251	0	15,266,054	231,115	0	15,320,918
Total Funds	\$24,893,794	\$306,781	\$0	\$25,200,575	\$416,306	\$0	\$25,310,100

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$292,952)	FY04 (\$146,476)
FY05 (\$292,952)	FY05 (\$146,476)

PL- 77 - TEAMS FM Contract -

This proposal reduces \$585,904 total funds over the biennium, including \$292,952 general fund and \$292,952 federal funds. This action continues the Governor's 17-7-140 reductions.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$196,233)	FY04 (\$102,041)
FY05 (\$196,233)	FY05 (\$102,041)

PL- 78 - CAPS FM Contract -

CAPS is the automated child and adult protective services information system. This proposal reduces \$392,466 total funds over the biennium including \$204,082 general fund and \$188,384 federal funds. This action continues the Governor's 17-7-140 reductions.

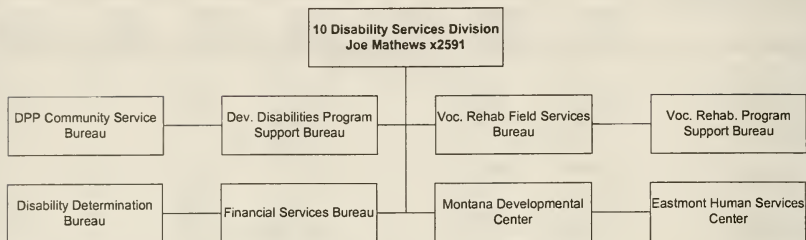
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$10,624)	FY04 (\$5,312)
FY05 (\$6,310)	FY05 (\$3,155)

PL- 81 - TEAMS Mainframe Costs Reduction -

TEAMS ITSD mainframe costs are reduced \$16,934 over the biennium, including \$8,467 general fund and \$8,467 federal funds to continue the Governor's 17-7-140 reductions.

Public Health & Human Services-6901

Disability Services Division-10



Program Description - Disability Services Division assists Montanans with disabilities in living, working, and participating in their communities. The division provides or contracts for institutional care, residential services, home-based services to families, case management, and a variety of employment outcome-related services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement, and supported employment. Disability Services Division is responsible for medical adjudication of all claims for Social Security Disability and Supplemental Security Income. The division is responsible for the state institutions in Glendive, the Eastmont Human Services Center, and Boulder, the Montana Developmental Center. The Developmental Disabilities Planning and Advisory Council (DDPAC) is administratively attached.

Vocational rehabilitation serves individuals with orthopedic, mental, visual, hearing, brain injury, and other disabilities. Developmentally disabled includes individuals with mental retardation, epilepsy, autism, or other neurological conditions that require treatment similar to those required by someone with mental retardation. The developmental disability must have originated before age 18 and have resulted in a substantial handicap for indefinite duration.

Statutory Title 53, MCA, 29 U.S.C. 721 et. seq., 29 U.S.C. 796, et. seq., 29 U.S.C. 774, 29 U.S.C. 777b, 29 U.S.C. 2201 et. seq., 42 U.S.C. 75, 6602, 72 U.S.C. 1300, 42 CFR 441.302(b), 42 CFR 441.302(g), 45 CFR 74.62, and 34 CRF Part 303

Program Indicators -

Indicator	Actual FY2000	Estimated 2001	Estimated 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Vocational Rehabilitation number rehabilitated	985	960	942	900	930	942
Vocational Rehabilitation percentage severely disabled	75.7%	80.2%	79.5%	78%	78%	78%
Developmental Disabilities waiting for service and receiving no other DDP services	509	585	298	298	724	724
Developmental Disabilities waiting for additional services and receiving some DDP	625	719	830	830	830	830

Assumptions:

1. VR funding for Section 110 services remains at FY2002 level; FY03 reflects the 10% budget reduction
2. DDP funding for FY04/05 is reduced based on the budget submission of 11/8/02

NOTE: The drop from FY02 to prior years under "waiting for service and receiving no other" results from a change in how the waiting for service count was derived. Previously, individuals were double counted because of they were waiting for more than one service and/or requesting to be under both waivers.

Public Health & Human Services-6901

Disability Services Division-10

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	607.71	12.00	10.98	630.69	12.00	10.98	630.69
Personal Services	20,359,435	4,066,648	396,950	24,823,033	4,148,209	397,292	24,904,936
Operating Expenses	5,569,657	573,779	254,341	6,397,777	775,853	254,341	6,599,851
Equipment	53,355	0	0	53,355	0	0	53,355
Benefits & Claims	85,508,893	6,964,709	(1,607,354)	90,866,248	7,160,901	(1,609,372)	91,060,422
Debt Service	11,927	0	0	11,927	0	0	11,927
Total Costs	\$111,503,267	\$11,605,136	(\$956,063)	\$122,152,340	\$12,084,963	(\$957,739)	\$122,630,491
General Fund	43,633,447	4,094,593	(798,009)	46,930,031	4,266,953	(802,236)	47,098,164
State/Other Special	56,025	0	0	56,025	0	0	56,025
Federal Special	67,813,795	7,510,543	(158,054)	75,166,284	7,818,010	(155,503)	75,476,302
Total Funds	\$111,503,267	\$11,605,136	(\$956,063)	\$122,152,340	\$12,084,963	(\$957,739)	\$122,630,491

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$368,921	FY04	\$368,921
FY05	\$369,111	FY05	\$369,111

PL- 86 - Maintain MDC Certification -

This request is for \$738,032 general fund and 12.00 FTE for the biennium to meet Medicaid certification and continue federal reimbursement of over \$9 million each year at the Montana Developmental Center.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$38,247)
FY05	\$0	FY05	\$31,538

PL- 87 - DDP Change in FMAP -

This proposal requests a reduction of \$6,709 general fund and an increase of \$6,709 federal funds for the biennium due to a projected change in the FMAP rate.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,050,000	FY04	\$0
FY05	\$4,050,000	FY05	\$0

PL- 89 - DDP Federal Authority -

An increase in federal funds of \$8,100,000 for the biennium is necessary to capture increases in federal grants and to annualize the federal authority necessary for the Medicaid refinancing, completed partially in FY 2002. The federal authority will not require any future commitment of general fund dollars.

Public Health & Human Services-6901

Disability Services Division-10

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$84,324	FY04	\$23,560
FY05	\$97,182	FY05	\$27,185

PL- 90 - DSD Base Adjustments -

This request is for \$50,745 general fund and \$130,761 federal funds for increased rental costs over the biennium. The additional funding is for the offices located in Billings, Kalispell, Bozeman, Butte, Miles City, Great Falls and Havre.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$671,110	FY04	\$671,110
FY05	\$671,110	FY05	\$671,110

PL- 91 - MDC Base Adjustments -

This request is for \$1,342,220 general fund for the biennium for zero-based and inflationary items necessary for normal operations. To ensure adequate staffing necessary to maintain Medicaid certification the facility must pay for overtime, differential, holidays worked, and substitutes to cover shifts when employees are on leave or staff terminate.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$311,224	FY04	\$311,224
FY05	\$311,565	FY05	\$311,565

PL- 92 - EHSC Base Adjustments -

This request is for \$622,789 general fund for the biennium, for the operations of Eastmont Human Services Center. EHSC operates 24 hours a day, seven days per week. To maintain Medicaid certification and \$2 million in Medicaid reimbursements, the facility must pay for overtime, differential, holidays worked and substitutes to cover shifts when employees are on leave or staff terminate. Also included are inflationary increases in operations for items such as food, utilities, outside medical, dental, fire protection and laundry services.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$135,585	FY04	\$28,880
FY05	\$135,585	FY05	\$28,880

PL- 93 - Annualize Tuition Increases -

This proposal requests \$57,760 general fund and \$213,410 federal funds for the biennium to annualize the four percent tuition increase for FY 2003. Vocational rehabilitation clients currently enrolled in school will be able to continue their rehabilitation plans and complete their goals on time.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,762,219	FY04	\$894,580
FY05	\$1,762,219	FY05	\$896,483

PL- 94 - Annualize DDP Wage Parity -

This proposal requests \$1,791,063 general fund and \$1,733,375 federal funds for the biennium to annualize the FY 2003 direct care wage parity authorized by the 2001 Legislature.

Public Health & Human Services-6901

Disability Services Division-10

Total Agency Impact

FY04	\$161,263
FY05	\$161,263

General Fund Total

FY04	\$58,149
FY05	\$58,149

PL- 96 - Annualize VR Provider Rate Increase -

This request is for \$116,298 general fund and \$206,228 federal funds for the biennium to annualize the FY 2003 provider rate increase of 2.5 percent authorized by the 2001 Legislature for the private providers. Vocational Rehabilitation serves more than 7,600 individuals with disabilities and uses over 2,000 different vendors statewide who provide a variety of services or equipment to these individuals. Examples of services provided are vocational evaluations, job placement assistance, medical services, prosthetic appliances, adaptive equipment, transportation, and other items necessary to assist clients in retaining employment.

Total Agency Impact

FY04	\$247,470
FY05	\$430,627

General Fund Total

FY04	\$0
FY05	\$0

PL- 97 - DDS Base Adjustments -

This request is for \$678,097 federal funds for Disability Determination Services workload increases for the biennium.

Total Agency Impact

FY04	\$1,430,237
FY05	\$1,617,757

General Fund Total

FY04	\$0
FY05	\$0

PL- 98 - MDC and EHSC Medicaid Authority -

This request is for \$3,047,994 federal funds for the biennium to annualize the federal funds needed for the Medicaid reimbursement attributed to the facilities expenditures.

Total Agency Impact

FY04	(\$84,834)
FY05	(\$84,834)

General Fund Total

FY04	(\$84,834)
FY05	(\$84,834)

PL- 290 - Eliminate Visual Services Medical -

This proposal eliminates the Visual Services medical program, saving \$169,668 general fund for the biennium.

Total Agency Impact

FY04	(\$270,639)
FY05	(\$270,639)

General Fund Total

FY04	(\$270,639)
FY05	(\$270,639)

PL- 291 - Reduce Extended Employment Benefits -

This request is for a reduction of \$541,278 general fund for the biennium. This action will reduce Extended Employment benefits by 32 percent as a continuation of the cuts made during the special session.

Total Agency Impact

FY04	(\$228,766)
FY05	(\$228,766)

General Fund Total

FY04	(\$228,766)
FY05	(\$228,766)

PL- 292 - Eliminate Independent Living Parity -

This proposal is for a reduction of \$457,532 general fund for the biennium for the Independent Living parity.

Public Health & Human Services-6901

Disability Services Division-10

Total Agency Impact

FY04	(\$25,000)
FY05	(\$25,000)

General Fund Total

FY04	(\$25,000)
FY05	(\$25,000)

PL- 293 - Eliminate Donated Dental -

This proposal is for a reduction of \$50,000 general fund for the biennium in the donated dental program.

----- New Proposals -----

Total Agency Impact

FY04	\$1,899,878
FY05	\$1,899,878

General Fund Total

FY04	\$1,899,878
FY05	\$1,899,878

NP- 82 - DD Funding at Current Level of Service -

This proposal requests \$3,799,756 in general fund for the biennium. This is the minimal level necessary to maintain existing services to over 4,000 developmentally disabled consumers.

Total Agency Impact

FY04	\$25,900
FY05	\$25,900

General Fund Total

FY04	\$0
FY05	\$0

NP- 88 - DDPAC Federal Grant Increase -

This proposal is for \$51,800 federal funds for the biennium for the increase in the Developmental Disabilities Planning and Advisory Council grant. This requested funding will allow DDPAC to expand current services.

Total Agency Impact

FY04	\$932,864
FY05	\$933,277

General Fund Total

FY04	\$932,864
FY05	\$933,277

NP- 95 - MDC Direct Care FTE -

This request is for \$1,866,141 general fund for the biennium for salaries, benefits and operational increases, which are necessary for the Montana Developmental Center to meet Medicaid licensure requirements for client care and to continue receiving over \$9 million in Medicaid reimbursement. This request is also to continue the 20.00 FTE current level staffing and associated operational expenses that were identified as one-time-only when the facility's population was reduced. However, MDC has experienced a growth in population above those individuals placed into community services.

Total Agency Impact

FY04	(\$281,573)
FY05	(\$281,644)

General Fund Total

FY04	(\$216,506)
FY05	(\$217,440)

NP- 285 - FTE Reduction -

This proposal reduces 9.02 FTE, for a savings of \$433,946 general fund and \$129,271 in federal funds for the biennium.

Public Health & Human Services-6901
Disability Services Division-10

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$2,833,095)	FY04	(\$1,424,395)
FY05	(\$2,833,095)	FY05	(\$1,424,395)

NP- 294 - Eliminate Community Supports and Reduce SL -

This request is for a reduction of \$2,848,790 general fund and \$2,817,400 federal funds for the biennium by reducing community supports and supported living services to 426 individuals with developmental disabilities.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$1,800,000)
FY05	\$0	FY05	(\$1,800,000)

NP- 296 - DDP GF Reduction Due to Refinancing -

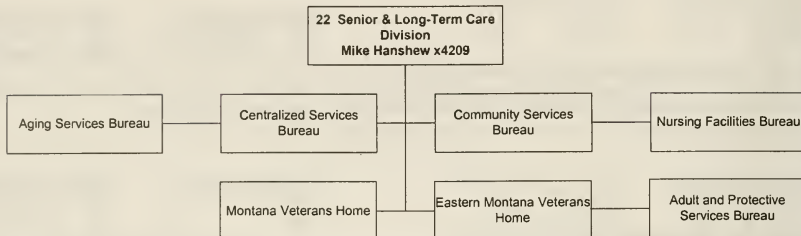
This proposal provides a funding switch from general fund to federal funds of \$1,800,000 each year of the biennium. Action reflects the reduced general fund needed as a result of the developmental disabilities program efforts to refinance general fund services with Medicaid funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$700,037)	FY04	(\$189,850)
FY05	(\$702,055)	FY05	(\$193,556)

NP- 297 - DDP Medicaid Provider Rate Reduction -

This decision package reduces the payments made to Medicaid providers, saving \$383,406 general fund and \$1,018,686 federal funds for the biennium.

Public Health & Human Services-6901 Senior & Long-Term Care -22



Program Description - The Senior and Long Term Care Division plans, administers, and provides publicly-funded long-term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through six major programs: 1) The Office on Aging provides meals, transportation, public education, information and assistance, long-term care ombudsman and other services; 2) Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid-eligible individuals as an alternative to nursing home care; 3) Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 97 Montana nursing homes; 4) Protective services, including the investigation of abuse neglect and exploitation are provided by adult protective services social workers; 5) Skilled nursing facility care is provided to veterans at the 105-bed Montana Veterans Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans Home in Glendive; and 6) the State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

Statutory References: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veteran's Homes, 10-2-401 (authorizes and establishes Montana Veteran's Homes), 53-1-202 (Eastern Montana Veteran's Home), Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Persons receiving Personal Assistance	2,827	2,808	2,838	2,895	2,953	3,012
Persons receiving HCBS Waiver	1,607	1,715	1,686	1,705	1,705	1,705
Persons receiving Nursing Home	5,257	5,321	5,146	5,146	5,146	5,146

Personal Assistance: FY 2003 - Assumes 2 percent growth in people served
FY 2004 - Assumes 2 percent growth in people served
FY 2005 - Assumes 2 percent growth in people served

HCBS Waiver: FY 2003 - Assumes 19 additional slots
FY 2004 - Assumes no additional slots
FY 2005 - Assumes no additional slots

Nursing homes: FY 2003 - Assumes no growth in people served
FY 2004 - Assumes no growth in people served
FY 2005 - Assumes no growth in people served

Public Health & Human Services-6901

Senior & Long-Term Care -22

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	182.54	11.00	0.90	194.44	11.00	0.90	194.44
Personal Services	5,922,966	1,546,645	35,826	7,505,437	1,572,114	35,892	7,530,972
Operating Expenses	4,114,978	453,254	142,142	4,710,374	486,019	149,645	4,750,642
Equipment	29,188	44,166	3,000	76,354	44,006	0	73,194
Grants	6,733,625	475,644	303,000	7,512,269	475,644	303,000	7,512,269
Benefits & Claims	156,816,094	12,312,987	(64,296)	169,064,785	20,496,540	2,851,010	180,163,644
Debt Service	17,726	0	0	17,726	0	0	17,726
Total Costs	\$173,634,577	\$14,832,696	\$419,672	\$188,886,945	\$23,074,323	\$3,339,547	\$200,048,447
General Fund	43,176,672	2,177,231	(2,185,068)	43,168,835	4,513,448	(2,451,763)	45,238,357
State/Other Special	7,494,929	1,621,722	1,672,292	10,788,943	1,623,987	2,715,323	11,834,239
Federal Special	122,962,976	11,033,743	932,448	134,929,167	16,936,888	3,075,987	142,975,851
Total Funds	\$173,634,577	\$14,832,696	\$419,672	\$188,886,945	\$23,074,323	\$3,339,547	\$200,048,447

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$71,821	FY04 \$0
FY05 \$71,593	FY05 \$0

PL- 99 - APS Lien and Estate PLA Annualization -

This proposal requests 2.00 FTE and \$143,414 in state special revenue funds over the biennium.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$945,634	FY04 \$256,456
FY05 \$933,975	FY05 \$257,497

PL- 101 - HCBS Waiver Caseload -

This proposal requests \$513,953 general fund and \$1,365,656 in federal funds over the biennium to increase the Home and Community Based Waiver by 30 slots over current level.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,198,155	FY04 \$0
FY05 \$2,198,155	FY05 \$0

PL- 103 - Nursing Hm FY 02-03 IGT Budgeted Adjustments -

This request is for an additional \$4,396,310 (state special revenue and federal funds) to implement the legislatively approved FY 2003 Intergovernmental Transfer (IGT) for nursing homes during the 2005 Biennium.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$3,820,723	FY04 \$1,036,180
FY05 \$7,277,711	FY05 \$2,006,465

PL- 105 - Home Based Caseload and FY 02 Base Correction -

Caseload growth in Medicaid personal assistance and home health of about 2 percent per year will require an increase of \$3,042,645 general fund and \$8,055,789 in federal funds for the biennium.

**Public Health & Human Services-6901
Senior & Long-Term Care -22**

Total Agency Impact

FY04	\$5,296,548
FY05	\$9,976,785

General Fund Total

FY04	\$846,721
FY05	\$2,151,112

PL- 106 - NH Caseload Growth Base Correction & Rate Increase -

This proposal requests \$2,997,833 general fund and \$12,275,500 in federal funds for the biennium for changes in the federal interpretation regarding the eligibility of veterans for Medicaid funded nursing facility services, anticipated caseload growth and to correct a problem with the FY 2002 accrual that is reflected on the state's budgeting system.

Total Agency Impact

FY04	\$51,927
FY05	\$109,914

General Fund Total

FY04	\$51,927
FY05	\$109,914

PL- 109 - State Supplement FY 02-03 Caseload -

This request is for \$161,841 general fund for the biennium for the State Supplement caseload increase projected to occur in FY 2003, FY 2004 and FY 2005. In addition, the proposal funds an expected increase in the processing fee charged by the Social Security Administration.

Total Agency Impact

FY04	\$283,607
FY05	\$304,323

General Fund Total

FY04	\$0
FY05	\$0

PL- 115 - EMVH Program Adjustments -

The Eastern Montana Veterans Home requests to add \$587,930 (federal funds and state special revenue) to fund repair and maintenance costs and physicians services provided through a sharing arrangement with the Veterans Administration.

Total Agency Impact

FY04	\$18,000
FY05	\$18,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 116 - EMVH Equipment -

This request adds \$36,000 state special revenue for the biennium for equipment for the Eastern Montana Veterans Home. The funding is from the portion of the cigarette tax earmarked for state veterans.

Total Agency Impact

FY04	\$556,948
FY05	\$562,636

General Fund Total

FY04	\$0
FY05	\$0

PL- 119 - MVH Program Adjustments -

This request is for \$1,119,584 state special revenue and 9.00 FTE for the biennium to adjust the base budget of the Montana Veterans Home for routine operational cost increases, restoring the base for overtime, holiday and differential pay and annualizes the cost and the staffing of the new Special Care Unit. The funding comes from the portion of the state cigarette tax earmarked for veterans.

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Senior & Long-Term Care -22**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$198,255	FY04	\$0
FY05	\$198,255	FY05	\$0

PL- 120 - Aging FY03 Wage Increase, Fed Spending Auth -

This request is for \$396,510 federal funds for the biennium for the Title III grant for the Family Caregiver and Ombudsman programs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$312,700	FY04	\$0
FY05	\$312,700	FY05	\$0

PL- 121 - APS Medicaid Spending Authority -

This proposal requests \$625,400 federal funds authority for the biennium to pursue Medicaid funding for a portion of the Adult Protective Services program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$26,166	FY04	\$0
FY05	\$26,006	FY05	\$0

PL- 122 - MVH Equipment -

This request adds \$52,172 state special revenue for the biennium for equipment at the Montana Veterans Home at Columbia Falls with funding from the portion of the state cigarette tax that is earmarked for veterans.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$125,000	FY04	\$0
FY05	\$125,000	FY05	\$0

NP- 102 - TBI Grant Spending Authority -

This proposal is for \$250,000 federal funds and 1.00 FTE for the biennium for the Traumatic Brain Injury implementation grant during the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,162,379	FY04	\$0
FY05	\$8,954,827	FY05	\$0

NP- 104 - Nursing Hm FY 04-05 IGT Spending Authority -

Additional authority of \$3,830,208 state special revenue and \$10,286,998 federal funds is recommended to pursue any possible increase in intergovernmental transfer payments to county and non-county nursing facilities during the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,000,000	FY04	\$0
FY05	\$1,000,000	FY05	\$0

NP- 113 - Additional Federal Spending Authority -

This proposal adds an additional \$2,000,000 for the biennium language appropriation of federal spending authority in order to allow the SLTCD division to pursue additional federal funding.

Public Health & Human Services-6901

Senior & Long-Term Care -22

Total Agency Impact

FY04	\$59,053
FY05	\$63,430

General Fund Total

FY04	\$0
FY05	\$0

NP- 114 - Aging/HCBS Conference Spending Authority -

This proposal is for \$122,483 state special revenue for the biennium for the Governors Conference on Aging and the Home and Community Services Conference. This will allow the division to spend the fees, registrations and donations necessary to put on these two conferences.

Total Agency Impact

FY04	\$54,858
FY05	\$54,896

General Fund Total

FY04	\$0
FY05	\$0

NP- 117 - MVH Staff -

This request is for \$109,754 state special revenue for 1.40 FTE additional staff at the Montana Veterans Home for the biennium. The funding comes from the portion of the state cigarette tax earmarked for veterans.

Total Agency Impact

FY04	\$560,000
FY05	\$560,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 125 - Older Workers Program Grant -

This request is for \$1,120,000 federal funds for the biennium for the Older American Community Service Employment Program in Montana to comply with a change in the funding distribution method.

Total Agency Impact

FY04	(\$57,943)
FY05	(\$57,789)

General Fund Total

FY04	(\$40,545)
FY05	(\$40,545)

NP- 284 - FTE Reduction -

This proposal reduces 1.50 FTE for a savings of \$81,090 general fund and \$34,642 in federal funds for the biennium.

Total Agency Impact

FY04	(\$3,219,234)
FY05	(\$3,361,320)

General Fund Total

FY04	(\$873,056)
FY05	(\$926,715)

NP- 992 - Medicaid Provider Rate Cut -

This decision package reduces the payments made to Medicaid providers saving \$1,799,771 general fund and \$4,780,783 in federal funds for the biennium.

Total Agency Impact

FY04	(\$125,369)
FY05	(\$123,322)

General Fund Total

FY04	(\$34,000)
FY05	(\$34,000)

NP- 993 - Cut Home Health Therapy Benefits -

This proposal saves \$68,000 general fund and \$180,691 of federal funds over the biennium by removing physical therapy, occupational therapy and speech therapy services under the Medicaid Home Health Program.

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Senior & Long-Term Care -22

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$257,000)	FY04	(\$257,000)
FY05	(\$257,000)	FY05	(\$257,000)

NP- 994 - Reduce Meals on Wheels Program -

This proposal saves \$257,000 general fund in each year of the biennium and reduces the number of meals that can be delivered by the Aging Services program, Meals on Wheels.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$645,453)	FY04	(\$174,466)
FY05	(\$709,998)	FY05	(\$193,048)

NP- 995 - Eliminate Hospice Program -

This request is to save \$367,514 general fund and \$987,937 federal funds for the biennium and eliminate the Medicaid Hospice program, which is a valuable, but optional service.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$2,186,619)	FY04	(\$593,011)
FY05	(\$2,859,177)	FY05	(\$788,275)

NP- 996 - Change Medicaid Eligibility Standards -

This proposal saves \$1,381,286 general fund and \$3,664,510 federal funds for the biennium as a result of the Medicaid eligibility changes proposed by the Human and Community Services Division (H&CSD).

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$50,000)	FY04	(\$50,000)
FY05	(\$50,000)	FY05	(\$50,000)

NP- 998 - Remove APS Abuse Prevention Grants -

This request is to reduce general fund by \$50,000 each year in the Adult Protective Services abuse prevention grants.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$162,990)
FY05	\$0	FY05	(\$162,180)

NP- 999 - FY 03 Lien and Estate Expenditures -

This proposal uses the portion of the proceeds from Medicaid lien and estate recovery that have traditionally been used to enhance nursing home and community services to offset general fund expenditures in the nursing home base budget. General fund expenditures are reduced by \$325,170 for the biennium and state special revenue expenditures are increased by an equal amount.

Public Health & Human Services-6901

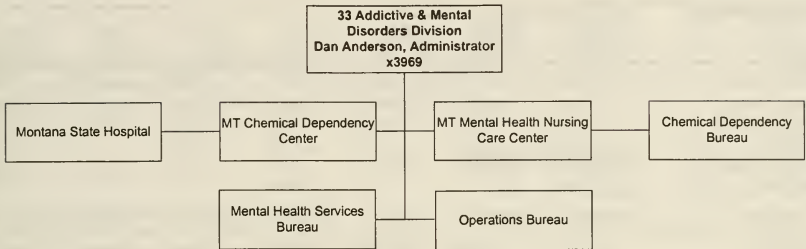
Senior & Long-Term Care -22

Language Recommendations - "The senior and long term care division is appropriated \$5,794,452 in fiscal year 2004 and \$5,824,989 in fiscal year 2005 for the operation of the Montana Veterans' Home. In the event that federal funds totaling \$2,107,496 in fiscal year 2004 and \$2,149,611 in fiscal year 2005 are not available, the office of budget and program planning is authorized to increase state special revenue authority to allow expenditure of private reimbursement funds and/or cigarette tax revenue to maintain the funding for the Montana Veterans' Home at this level."

"State special revenue and federal special revenue associated with the nursing home intergovernmental program may be used to make one-time payments to nursing homes based on the number of Medicaid services provided. The funds for non-county nursing homes may be expended only after the office of budget and program planning has certified that the department has received \$2 million each year from counties participating in the intergovernmental transfer program for nursing homes."

Public Health & Human Services-6901

Addictive & Mental Disorders-33



Program Description - The Addictive and Mental Disorders Division (AMDD) is responsible for providing alcohol and drug prevention, treatment and aftercare services, and mental health treatment services. Alcohol and drug services are provided through inpatient and outpatient settings. Direct inpatient services are provided at the 76-bed Montana Chemical Dependency Center (MCDC) in Butte. Other inpatient, outpatient, and prevention services are provided through contracts with community-based programs around the state.

Community-based mental health services are delivered to eligible Medicaid and non-Medicaid individuals through a network of providers around the state. Non-Medicaid services are delivered through the Mental Health Services Plan (MHSP) and provide services to individuals earning up to 150 percent of the federal poverty level. Montana State Hospital (MSH) at Warm Springs (135 beds) and the Montana Mental Health Nursing Care Center (MMHNCC) at Lewistown (165 beds) provide institutional services to individuals with mental illness. The services at MSH are typically of a short duration while services for residents at the MMHNCC are considered to be long term.

Statutory references: Mental health is in Title 53, Chapter 21, parts 1 through 5 and part 64, MCA, and P. L. 102-321, CFR. Chemical dependency is in Title 53, Chapters 1, 24 and 26, MCA, and Part C, Title XIX of the Social Security Act.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Chemical Dependency Program unduplicated number of people served	5,778	5,622	5,626	5,907	6,202	6,512
Mental Health Medicaid Program Unduplicated number of people served	20,199	19,650	20,808	22,056	23,379	24,783

Public Health & Human Services-6901

Addictive & Mental Disorders-33

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	586.41	(47.49)	2.90	541.82	(47.49)	2.90	541.82	
Personal Services	20,778,870	3,227,381	154,626	24,160,877	3,389,001	155,416	24,323,287	
Operating Expenses	10,165,225	6,448,392	256,197	16,869,814	6,887,072	230,599	17,282,896	
Equipment	23,990	47,751	0	71,741	20,751	0	44,741	
Grants	5,427,532	624,037	800,000	6,851,569	624,037	0	6,051,569	
Benefits & Claims	90,113,744	6,533,931	4,439,327	101,087,002	16,019,882	5,276,050	111,409,676	
Debt Service	44,502	0	0	44,502	0	0	44,502	
Total Costs	\$126,553,863	\$16,881,492	\$5,650,150	\$149,085,505	\$26,940,743	\$5,662,065	\$159,156,671	
General Fund	50,224,453	884,123	(1,306,997)	49,801,579	4,023,944	(1,354,603)	52,893,794	
State/Other Special	5,027,791	1,971,909	1,452,605	8,452,305	2,036,746	1,470,605	8,535,142	
Federal Special	71,301,619	14,025,460	5,504,542	90,831,621	20,880,053	5,546,063	97,727,735	
Total Funds	\$126,553,863	\$16,881,492	\$5,650,150	\$149,085,505	\$26,940,743	\$5,662,065	\$159,156,671	

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$1,608,980	FY04 \$0
FY05 \$1,608,980	FY05 \$0

PL- 135 - Mental Health Intergovernmental Transfer Caseload -

The community mental health centers participate with the agency in an inter-governmental transfer program for Medicaid services to encourage the delivery of services in frontier or rural areas of Montana. The mental health centers provide the Medicaid match for this program. This proposal requests \$882,224 state special revenue and \$2,335,736 federal Medicaid funds for the biennium for anticipated caseload and utilization changes.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$624,037	FY04 \$4,248
FY05 \$624,037	FY05 \$4,248

PL- 140 - Block Grant Increase -

This request is for \$1,248,074 over the biennium, comprised of \$8,496 general fund and \$1,239,578 of federal funds, because the state anticipates receiving an increased federal grant allocation from the Substance Abuse and Mental Health Services Administration and an increase for Mental Health Services to homeless individuals.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$78,476)	FY04 (\$287,810)
FY05 \$247,292	FY05 (\$206,368)

PL- 141 - MH UR Contract /Retrospective Reviews -

AMDD's contract for its higher end services has been modified to eliminate the MHSP eligibility from the contract. MHSP eligibility is currently done by the community mental health centers. This modification has saved considerable state general fund dollars. In addition to the modifications to the contract, it is prudent to begin the process of modest retrospective reviews and the proposal adds \$75,000 per year for this purpose. The modifications and changes result in a decrease of \$494,178 general fund and an increase of \$662,994 federal funds over the 2005 biennium.

Public Health & Human Services-6901

Addictive & Mental Disorders-33

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$11,692,476	FY04	\$3,350,771
FY05	\$21,240,227	FY05	\$5,994,587

PL- 143 - Medicaid Program Changes -

AMDD requests \$9,345,358 general fund, \$1,256,889 state special revenue and \$22,330,456 in federal funds for mental health Medicaid caseload and utilization increases over the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,000	FY04	\$0
FY05	\$50,000	FY05	\$0

PL- 144 - Mental Health Block Grant Increase -

The department requests an increase of \$100,000 federal funds for the biennium from an anticipated increase in the federal Community Mental Health Block Grant for FY 2004 and FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$143,368	FY04	\$0
FY05	\$198,914	FY05	\$0

PL- 145 - MCDC Base Adjustment -

AMDD requests \$342,282 state special revenue for the biennium for routine MCDC base adjustments attributed to rent and food inflation, pharmacy inflation, outside medical costs, equipment, and restoration of zero-based overtime, differential and holiday pay for staff. The decision package also switches funding of alcohol tax and substance abuse block grant funds of \$714,090 over the biennium. In FY 2002 there was \$357,045 in excess block grant funds utilized at MCDC. It is anticipated that these funds will be utilized for community services in the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,597,673	FY04	(\$31,651)
FY05	\$1,683,265	FY05	\$64,002

PL- 147 - MMHNCC Base Adjustments and Restructuring -

This proposal to restructure services for Montana mental health nursing care center residents reduces 21.56 FTE, saves \$32,351 general fund and \$3,248,587 federal funds over the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$103,480)	FY04	\$0
FY05	(\$103,224)	FY05	\$0

PL- 335 - Reduce CIP FTE -

The Community Incentive Grant has exhausted the administrative funding of 15 percent allowable under the grant. Positions were funded in the adjusted base with state special funds. This action eliminates 3.00 FTE and \$206,704 state special revenue funds in the 2005 biennium associated with the administration of the CIP grant.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$8,995,827)	FY04	(\$8,054,160)
FY05	(\$9,058,574)	FY05	(\$8,116,907)

PL- 344 - Restructure/Reduce Mental Health Services Plan -

This proposal both reduces the size and restructures the mental health services plan for a biennial savings of \$16,171,067 general fund, \$467,012 state special revenue funds and \$1,416,322 federal funds. The plan has been a quasi-entitlement since 1999.

Public Health & Human Services-6901

Addictive & Mental Disorders-33

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 (\$657,600)
FY05 \$0	FY05 (\$648,600)

PL- 351 - IGT Refinancing - Medicaid Caseload -

The mental health centers typically receive county tax funds of approximately \$1,200,000 per year. Under this proposal, the counties would pay these funds to the State of Montana to provide the Medicaid match for this program, saving \$1,306,200 general fund over the biennium and replacing it with \$1,306,200 state special revenue funds for the biennium for anticipated caseload and utilization changes, and to pay mental health service providers. This proposal is a companion decision package with PL-135.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 \$72,480
FY05 \$0	FY05 \$214,582

PL- 352 - Mental Health Community Services FMAP Change -

This proposal increases general fund \$287,062 and reduces federal funds by a like amount to adjust for the changes in FMAP. This decision package is a companion to Mental Health Program Changes in PL-143.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$57,323)	FY04 (\$15,546)
FY05 (\$56,376)	FY05 (\$15,546)

PL- 354 - Medicaid Eligibility Changes -

This proposal reduces Medicaid expenditures by \$31,092 in biennial general fund and \$82,607 in federal funds due to eligibility changes, primarily regarding changes in the treatment of assets.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$6,477,346	FY04 \$2,987,324
FY05 \$6,431,455	FY05 \$3,077,012

PL- 8146 - MSH Base Adjustments and Restructuring -

This proposal requests \$6,064,336 general fund, \$467,012 in state special revenue and \$6,377,453 federal funds and a reduction of 22.93 FTE for the biennium to cap the Montana State Hospital patient capacity at 135 and to create 45 community-based inpatient psychiatric beds to offset the reduced capacity at Montana State Hospital (MSH).

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$146,415	FY04 \$0
FY05 \$103,585	FY05 \$0

NP- 131 - Continue Data Infrastructure & Integration Grant -

This proposal requests \$250,000 in federal funds and 1.00 FTE for the biennium for the continuation and completion of a Substance Abuse and Mental Health Services Administration Center for a Mental Health Services Data Infrastructure and Integration Grant designed to improve accountability, increase access, target resources and continuously improve the quality of care of adults and children with mental illness.

Public Health & Human Services-6901

Addictive & Mental Disorders-33

Total Agency Impact

FY04	\$800,000
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

NP- 132 - Continue Community Incentive Grant -

This proposal requests \$800,000 in federal authority for the biennium to finalize the Substance Abuse and Mental Health Services Administration State Incentive Grant program. This grant was started in FY1999 for \$8.992 million and the request represents the estimated balance to complete the grant.

Total Agency Impact

FY04	\$113,301
FY05	\$113,645

General Fund Total

FY04	\$0
FY05	\$0

NP- 133 - MCDC Staffing Changes -

This proposal requests \$226,946 state special revenue funds and 2.90 FTE for the biennium to fund aggregate positions at MCDC. This aggregate position pool is used to provide nursing coverage for the facility.

Total Agency Impact

FY04	\$339,304
FY05	\$356,960

General Fund Total

FY04	\$0
FY05	\$0

NP- 154 - MSH DoC Agreements -

This proposal requests \$696,264 of state special revenue authority and 4.00 FTE at the Montana State Hospital for the services related to the department's agreement with the Department of Corrections for Xanthapoulos building maintenance and utility costs.

Total Agency Impact

FY04	(\$188,197)
FY05	(\$188,175)

General Fund Total

FY04	(\$154,942)
FY05	(\$155,010)

NP- 287 - FTE Reduction -

This proposal reduces 6.00 FTE for a saving of \$309,952 general fund and \$66,420 in federal funds for the biennium.

Total Agency Impact

FY04	\$5,000,000
FY05	\$6,000,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 339 - Federal Medicaid for School-based Mental Health -

It is recommended the budget include an increase of \$11 million in federal Medicaid funds for the biennium to match in-school mental health programs that are currently being re-financed through the use of state and local education funds for non-federal match.

Total Agency Impact

FY04	\$0
FY05	\$0

General Fund Total

FY04	(\$1,000,000)
FY05	(\$1,000,000)

NP- 350 - Alcohol Tax - General Fund Replacement -

This proposal switches \$2,000,000 general fund to alcohol tax special revenue funds to continue to provide Medicaid services. These funds were previously distributed to counties and passed through to alcohol and drug programs.

**Public Health & Human Services-6901
Addictive & Mental Disorders-33**

Total Agency Impact

FY04 (\$1,560,673)

FY05 (\$1,723,950)

General Fund Total

FY04 (\$423,255)

FY05 (\$475,293)

NP- 353 - Medicaid Provider Reimbursement Reduction -

This proposal reduces provider payments across the board for the 2005 biennium and saves \$898,548 of state general funds and \$2,3864,075 of federal funds.

Total Agency Impact

FY04 \$1,000,000

FY05 \$1,000,000

General Fund Total

FY04 \$271,200

FY05 \$275,700

NP- 355 - Chemical Dependency Access Payment -

This proposal requests \$546,900 general fund and \$1,453,100 in federal funds over the biennium for a single payment to chemical dependency providers to ensure services to Montana's rural communities. This previously was statutorily appropriated. The general fund replaces the alcohol tax revenue that went to county alcohol treatment programs



NATURAL RESOURCES AND COMMERCE

Fish, Wildlife & Parks
Department of Environmental Quality
Department of Livestock

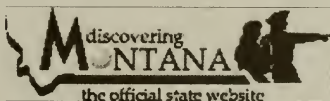
Natural Resources & Conservation
Department of Agriculture
Department of Commerce

OBPP Staff*

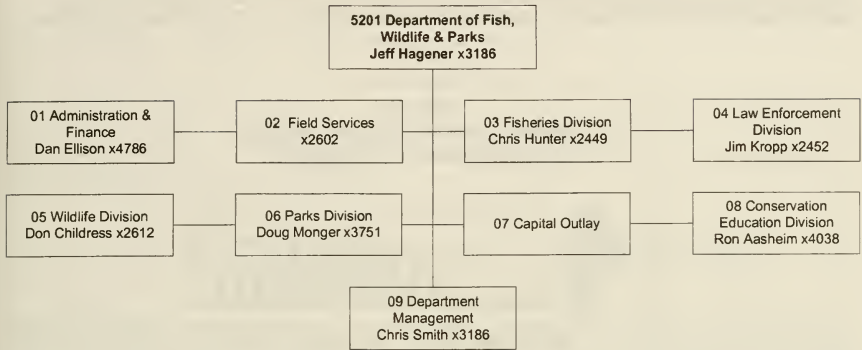
Kelly Gorin
Doug Schmitz

x3242
x1207

*See Reference Page 1 for specific staff assignments



Dept Of Fish, Wildlife & Parks-5201



Mission Statement - Through our employees and citizen commission, to provide for the stewardship of the fish, wildlife, parks and recreational resources of Montana while contributing to the quality of life for present and future generations.

Statutory Authority - Title 87 and 23, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	581.18	4.75	12.67	598.60	4.75	13.67	599.60
Personal Services	24,614,203	2,231,104	1,244,459	28,089,766	2,253,202	483,004	27,350,409
Operating Expenses	19,451,450	3,074,396	2,388,968	24,914,814	3,144,640	1,122,362	23,718,452
Equipment	689,472	146,391	22,515	858,378	(196,529)	76,015	568,958
Grants	570,899	101,809	145,172	817,880	16,809	(14,828)	572,880
Benefits & Claims	5,057	0	0	5,057	0	0	5,057
Transfers	0	0	3,703,719	3,703,719	0	3,703,716	3,703,716
Total Costs	\$45,331,081	\$5,553,700	\$7,504,833	\$58,389,614	\$5,218,122	\$5,370,269	\$55,919,472
General Fund	281,816	(26,386)	0	255,430	(25,379)	0	256,437
State/Other Special	33,971,373	3,921,930	2,041,158	39,934,461	3,546,012	1,364,626	38,882,011
Federal Special	11,077,892	1,658,156	5,463,675	18,199,723	1,697,489	4,005,643	16,781,024
Total Funds	\$45,331,081	\$5,553,700	\$7,504,833	\$58,389,614	\$5,218,122	\$5,370,269	\$55,919,472

----- Agency General Fund Target - \$510,000 -----

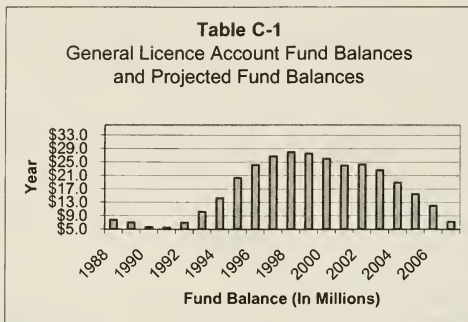
Language –

"The appropriations for legislative contract authority are subject to all of the following provisions:

- (1) Legislative contract authority applies only to federal funds.
- (2) Legislative contract authority expenditures must be reported on the state's accounting system, and the records must be separate from present law operations. In preparing the 2007 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.
- (3) A report must be submitted by the department to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a list of projects with the related amount of expenditures and FTE for each project."

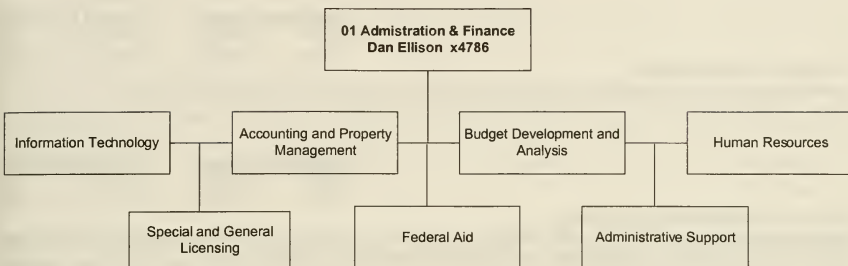
Dept Of Fish, Wildlife & Parks-5201

"Item 8 includes a total of \$138,780 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."



The chart above shows the general license account fund balances from FY1988 through FY2006 projections. The last major general license increase was adopted during the 1995 legislative session.

Dept Of Fish, Wildlife & Parks-5201 **Administration & Finance Div.-01**



Program Description - The Administration and Finance Division provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, and federal aid administration. Additionally, the division provides information technology services to the agency and administers the sale of hunting, fishing, and other recreational licenses.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
License and Permit Sales	1,506,000	1,536,120	1,566,842	1,598,180	1,630,140	1,662,745

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	56.32	0.00	0.50	56.82	0.00	0.50	56.82
Personal Services	2,369,839	268,166	14,495	2,652,500	268,390	14,463	2,652,692
Operating Expenses	4,568,822	316,357	4,000	4,889,179	335,527	2,000	4,906,349
Equipment	10,887	0	0	10,887	0	0	10,887
Transfers	0	0	75,000	75,000	0	75,000	75,000
Total Costs	\$6,949,548	\$584,523	\$93,495	\$7,627,566	\$603,917	\$91,463	\$7,644,928
State/Other Special	5,748,821	251,120	18,495	6,018,436	278,570	16,463	6,043,854
Federal Special	1,200,727	333,403	75,000	1,609,130	325,347	75,000	1,601,074
Total Funds	\$6,949,548	\$584,523	\$93,495	\$7,627,566	\$603,917	\$91,463	\$7,644,928

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$73,944	FY04 \$0
FY05 \$73,944	FY05 \$0

PL- 101 - Additional Commission Authority for New Licenses -

An increase for license agent commissions is budgeted at \$73,944 each year for the 2005 biennium since about 90 percent of all hunting and fishing licenses are sold by non-agency agents.

**Dept Of Fish, Wildlife & Parks-5201
Administration & Finance Div.-01**

Total Agency Impact

FY04	\$16,173
FY05	\$16,173

General Fund Total

FY04	\$0
FY05	\$0

PL- 102 - Seasonal Overtime -

Overtime pay does not carry forward into the new biennium and is recommended at the FY 2002 level.

Total Agency Impact

FY04	\$21,000
FY05	\$21,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 104 - Sheep Auction Commission -

Budget authority is restored to FY 2002 levels to comply with accounting standards for recording the 10 percent commission for a conservation organization to auction off annually a bighorn sheep license.

Total Agency Impact

FY04	\$0
FY05	\$6,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 105 - Periodic Property Inventory -

This adjustment is requested because the property inventory takes place during the second year of the biennium and the inventory-related expenditures are not reflected in the base.

----- **New Proposals** -----

Total Agency Impact

FY04	\$18,495
FY05	\$16,463

General Fund Total

FY04	\$0
FY05	\$0

NP- 103 - Accounting Function Support Staff -

This proposal is to add an additional 0.50 FTE to assist with the accounting functions, particularly the claims section.

Total Agency Impact

FY04	\$75,000
FY05	\$75,000

General Fund Total

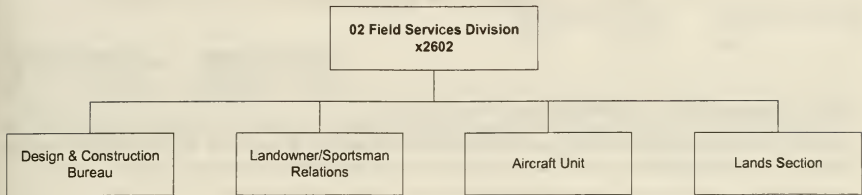
FY04	\$0
FY05	\$0

NP- 106 - Legislative Contract Authority -

The request reestablishes the amount of legislative contract authority the division received from the 2001 Legislature.

Dept Of Fish, Wildlife & Parks-5201

Field Services Division-02



Program Description - The Field Services Division provides services in five areas. The Landowner Sportsman Relations and Block Management program establishes and maintains communications with user and resource-based organizations and individuals; administers the Livestock Loss Reimbursement program; administers the Block Management program, which provides recreational access on private property; and administers the Access Montana program, which improves recreational access to public lands. The Game Damage program provides assistance to landowners in minimizing impacts of game animals to property and crops. The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas. The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department. The Land Unit is responsible for the real estate functions of the department, including conservation easements, acquisition and disposal of real estate and real property, and management of all permanent land records.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of acres enrolled in block management	7,155,783	7,696,500	8,668,096	8,700,000	8,700,000	8,700,000
Number of hunter days on block management land	248,129	279,918	347,915	350,000	350,000	350,000

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	45.43	2.00	0.50	47.93	2.00	0.50	47.93
Personal Services	1,720,169	236,195	18,240	1,974,604	238,049	18,196	1,976,414
Operating Expenses	4,733,382	1,643,378	543,500	6,920,260	1,591,626	542,000	6,867,008
Equipment	14,422	0	0	14,422	0	0	14,422
Benefits & Claims	5,057	0	0	5,057	0	0	5,057
Transfers	0	0	60,000	60,000	0	60,000	60,000
Total Costs	\$6,473,030	\$1,879,573	\$621,740	\$8,974,343	\$1,829,675	\$620,196	\$8,922,901
State/Other Special	5,752,988	1,805,238	561,740	8,119,966	1,753,937	560,196	8,067,121
Federal Special	720,042	74,335	60,000	854,377	75,738	60,000	855,780
Total Funds	\$6,473,030	\$1,879,573	\$621,740	\$8,974,343	\$1,829,675	\$620,196	\$8,922,901

Please note that a HB 576 section exists for this program.

**Dept Of Fish, Wildlife & Parks-5201
Field Services Division-02**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$802,000	FY04	\$0
FY05	\$802,000	FY05	\$0

PL- 201 - Restore OTO for Block Management Funding (SB285) -

The 2001 Legislature enacted SB 285, which established \$802,000 of new revenue from the sale of hunting licenses and 2.00 FTE for 10 seasonal block management technicians. The revenue is earmarked to block management and associated private and public land hunting access programs, but did not become available until FY 2003

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$627,000	FY04	\$0
FY05	\$627,000	FY05	\$0

PL- 202 - Block Management Funding -

The block management program received new funding in 2001, from earmarked fees, so not all of the budget authority was expended during FY 2002. This base adjustment is necessary to annualize authority for the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$41,000	FY04	\$0
FY05	\$41,000	FY05	\$0

PL- 203 - Game Damage Restoration -

FWP is required under 87-1-225, MCA, to respond to damage complaints within 48 hours, and this budget is the operations funding for those responses. In the winter of 2001-2002 the game damage budget was not fully expended and this request will restore funding to levels needed in the event of a more severe winter.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,185	FY04	\$0
FY05	\$30,185	FY05	\$0

PL- 204 - Leases -

This request adjusts authority to cover projected increases in leases paid on FWP wildlife management areas, state parks, fishing access sites, and other department owned lands.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,000	FY04	\$0
FY05	\$40,000	FY05	\$0

PL- 205 - Net Client Hunting Use -

Funding for FWP to carry out its statutory responsibilities under 37-47-317, MCA, to analyze the impacts of applications for an increase in net client hunting use by outfitters is required since there was only an analysis requested in the base year.

Dept Of Fish, Wildlife & Parks-5201
Field Services Division-02

Total Agency Impact

FY04	\$24,212
FY05	\$19,193

General Fund Total

FY04	\$0
FY05	\$0

PL- 207 - Internal Service Rate Adjustment -

FWP manages its fleet of vehicles and aircraft for department use by assessing a fee for the miles driven or hours flown. Revenue generated from the vehicle rates is used to maintain the fleet and replace existing vehicles as needed. In order to comply with a legislative audit recommendation to spend down existing cash balances, the vehicle rates were set below cost for the past two biennia. Now this adjustment is needed to safely operate the fleet in the 2005 biennium.

Total Agency Impact

FY04	\$18,437
FY05	\$18,437

General Fund Total

FY04	\$0
FY05	\$0

PL- 208 - Taxes -

Restore the base budget in order to meet anticipated tax liabilities of about \$139,000 per year.

Total Agency Impact

FY04	\$43,752
FY05	(\$21,248)

General Fund Total

FY04	\$0
FY05	\$0

PL- 212 - Public Wildlife Interface Biennial -

This decision package is a technical adjustment to continue the \$65,000 existing biennial appropriation for the 2005 biennium.

Total Agency Impact

FY04	\$46,250
FY05	\$46,250

General Fund Total

FY04	\$0
FY05	\$0

PL- 214 - Restore Base Operations -

Restore \$46,250 in base operations for field services now that vacancies have been filled.

----- New Proposals -----

Total Agency Impact

FY04	\$60,000
FY05	\$60,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 206 - Legislative Contract Authority -

Legislative contract authority is continued at \$60,000 per year for cost-share projects with federal agencies.

Total Agency Impact

FY04	\$21,740
FY05	\$20,196

General Fund Total

FY04	\$0
FY05	\$0

NP- 209 - Lands Staff FTE -

This proposal will add 0.50 FTE to address property management issues associated with the FWP fee title and conservation easements lands program. For conservation easements alone, the department has added over 40 easements and 300,000 acres in the last 10 years with no commensurate increase in staff.

**Dept Of Fish, Wildlife & Parks-5201
Field Services Division-02**

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$40,000	FY04 \$0
FY05	\$40,000	FY05 \$0

NP- 210 - Private Landowner Technical Services -

This proposal will provide \$40,000 of general license funding for a pilot project for technical services to private landowners related to wildlife management on their lands, including information and services related to managing wildlife and wildlife habitat on private lands, reducing and preventing game damage, developing wildlife-friendly grazing and fencing systems, and developing new techniques and strategies to help private landowners successfully integrate wildlife concerns into their land management decisions.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$40,000	FY04 \$0
FY05	\$40,000	FY05 \$0

NP- 211 - Collaborative Elk Management -

Elk herds often range freely across land owned by many private and public landowners and, in some instances, the management decisions made by individual landowners can have unintended consequences on their neighbors. This proposal will provide \$40,000 each year, of general license funding for contracted facilitators and other support for local community-based collaborative efforts to address elk management.

----- Other Legislation Required to Implement HB 2 -----

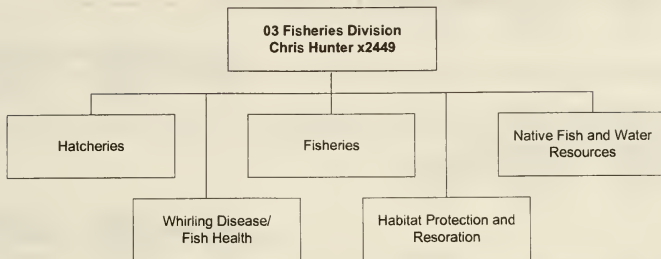
<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$460,000	FY04 \$0
FY05	\$460,000	FY05 \$0

NP- 8213 - General Recreation Use of State Lands -

This decision package will provide FWP with \$460,000 of budget authority to enter into a 10 year MOU with the Department of Natural Resources and Conservation to compensate the school trust for the value of recreational use of school trust lands by hunters and anglers in an amount equivalent to \$1 for every conservation license sold the prior year. As requested by the Board of Land Commissioners, the companion legislation is LC 360.

Dept Of Fish, Wildlife & Parks-5201

Fisheries Division-03



Program Description - The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program: 1) operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited; 2) regulates angler harvests; 3) monitors fish populations; and 4) provides and maintains adequate public access.

Program Indicators –

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of fish stocked (in millions)	90.0	41.3	41.3	60.0	60.0	60.0
Pounds of fish stocked	350,000	301,986	261,072	350,000	350,000	680,000
Fish habitat projects	45	36	37	40	40	40

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	111.07	0.00	3.00	114.07	0.00	3.00	114.07
Personal Services	4,696,882	457,086	108,834	5,262,802	465,697	108,728	5,271,307
Operating Expenses	2,239,585	383,368	296,119	2,919,072	434,286	282,863	2,956,734
Equipment	112,837	55,482	22,515	190,834	35,482	66,015	214,334
Grants	30,000	0	0	30,000	0	0	30,000
Transfers	0	0	2,700,719	2,700,719	0	2,700,716	2,700,716
Total Costs	\$7,079,304	\$895,936	\$3,128,187	\$11,103,427	\$935,465	\$3,158,322	\$11,173,091
State/Other Special	3,355,966	249,042	219,217	3,824,225	266,925	301,750	3,924,641
Federal Special	3,723,338	646,894	2,908,970	7,279,202	668,540	2,856,572	7,248,450
Total Funds	\$7,079,304	\$895,936	\$3,128,187	\$11,103,427	\$935,465	\$3,158,322	\$11,173,091

**Dept Of Fish, Wildlife & Parks-5201
Fisheries Division-03**

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
PL- 306 - Computer Replacement -		
The department's computers throughout the state are scheduled to be replaced every four years to keep pace with changing technologies and improvements.	FY04 \$48,889	FY04 \$0
	FY05 \$54,375	FY05 \$0

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
PL- 307 - Restore OTO for Echo Lake Fish Plant -		
Costs associated with stocking rainbow trout in Echo Lake near Kalispell need to be restored.	FY04 \$30,000	FY04 \$0
	FY05 \$30,000	FY05 \$0

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
PL- 309 - Internal Service Rate Adjustment -		
Adjust vehicle use costs due to inflationary and rate increases for the agency fleet.	FY04 \$38,633	FY04 \$0
	FY05 \$30,685	FY05 \$0

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
PL- 310 - Hatchery Operations -		
This proposal will increase the hatchery operations budget by \$200,000 in FY 2004 and an additional 6 percent per year thereafter for the cost of fish food, station utilities, and maintenance at all eight state-owned hatcheries.	FY04 \$200,000	FY04 \$0
	FY05 \$212,000	FY05 \$0

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
PL- 311 - Streamflow Gaging & Murray Springs Hatchery -		
Request federal authority for the U.S. Geologic Survey to gage streamflows and for the Army Corps of Engineers funding at Murray Springs Hatchery.	FY04 \$31,000	FY04 \$0
	FY05 \$31,000	FY05 \$0

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
PL- 312 - Native Species Landowner Conservation Program -		
This request is for \$40,000 each year in state license revenue that can be used to match federal dollars, generating between \$80,000 and \$160,000 to direct toward conservation of native fish.	FY04 \$40,000	FY04 \$0
	FY05 \$40,000	FY05 \$0

**Dept Of Fish, Wildlife & Parks-5201
Fisheries Division-03**

Total Agency Impact

FY04	\$35,482
FY05	\$35,482

General Fund Total

FY04	\$0
FY05	\$0

PL- 313 - Equipment Replacement -

Continue the funding for standard replacement of field and hatchery equipment and the scheduled replacement of two hatchery trucks.

Total Agency Impact

FY04	\$9,221
FY05	\$9,221

General Fund Total

FY04	\$0
FY05	\$0

PL- 314 - Overtime Adjustment -

Re-establish the overtime to the fisheries base budget.

----- New Proposals -----

Total Agency Impact

FY04	\$97,000
FY05	\$102,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 301 - Fish Tech Support -

Add 2.00 FTE technical support distributed among the regions to assist fisheries biologists, who have increased responsibilities to review private pond permits and stream bed protection act projects, conduct restoration projects and deal with proliferating recreation conflicts and introductions of aquatic nuisance species.

Total Agency Impact

FY04	\$100,000
FY05	\$200,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 302 - Fort Peck Hatchery Support -

It is in the best interest of the state to have the Fort Peck Hatchery Manager on-site to oversee construction of the hatchery beginning in July of 2003.

Total Agency Impact

FY04	\$2,701,319
FY05	\$2,701,322

General Fund Total

FY04	\$0
FY05	\$0

NP- 303 - Legislative Contract Authority -

Continuing SFY 2002 LCA for Fisheries of \$1,851,019 and add \$1 million also obtained by budget amendments for additional unanticipated federal funding.

In FY2002, the Fisheries Division utilized \$1,851,019 in LCA and nearly \$1 million of federal funds in budget amendments because of unanticipated new federal funding which became available above our spending authority for LCA. In FY2004 and 2005, the division is anticipating an additional \$1 million per year from the "Fisheries Restoration and Irrigation Mitigation Act of 2000" for native fish passage and screening projects funded by the U.S. Fish & Wildlife Service. This LCA request will consolidate spending from the budget amendments and the Fisheries Irrigation & Restoration Act into the LCA program.

Dept Of Fish, Wildlife & Parks-5201
Fisheries Division-03

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$105,000	FY05	\$0

NP- 304 - Roving Creel Survey -

Creel surveys are an important tool to evaluate the effectiveness of our fishing regulations and to assess the status of fish populations. Anglers are increasingly requesting that the department complete creel surveys as part of our management program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,000	FY04	\$0
FY05	\$50,000	FY05	\$0

NP- 305 - Restore OTO for FAS Assistance Program -

The Fishing Access Site Assistance program was established by 2001 Legislature and made a one-time-only authorization to provide assistance at non-FWP sites providing public fishing access such as assistance with litter and protection from lawsuits. It is recommended this be continued without the OTO designation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$79,868	FY04	\$0
FY05	\$0	FY05	\$0

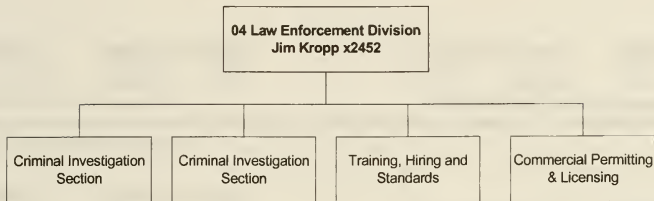
NP- 308 - WCRP-Prairie Riparian Study OTO -

This request is to restore a one-time-only authorization from the 2001 session for a Wildlife Conservation Restoration Program funded study for FY 2004 only under the contract with MSU.

----- Other Legislation Required to Implement HB 2 -----

In HB 647, the original RIT allocation for the Future Fisheries Program was \$500,000 per year through FY 2009. During the August special session, \$150,000 was taken from FY 2003, FY 2004, and FY 2005 and deposited to the general fund. As a further balancing measure - this time to deal with a RIT revenue shortfall- the executive will recommend reducing the 2005 biennium by another \$100,000 per year, leaving \$250,000 in FY 2004 and \$250,000 in FY 2005 for bulltrout and cutthroat trout enhancement projects.

Dept Of Fish, Wildlife & Parks-5201 **Enforcement Division-04**



Program Description - The Law Enforcement Division is responsible for ensuring compliance with the department laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to lands or waters under the jurisdiction and authority of the department such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, snowmobile, and all-terrain vehicle safety and registration. Other duties include administration of special purpose licenses, overseeing the department's licensing agents, and investigating wildlife damage complaints.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of Contacts	153,580	152,580	145,695	150,000	150,000	150,000
Number of Violations	11,215	11,969	13,224	12,000	12,000	12,000

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	102.63	0.00	2.00	104.63	0.00	2.00	104.63
Personal Services	4,916,547	324,884	86,218	5,327,649	329,220	86,068	5,331,835
Operating Expenses	1,383,658	96,703	56,071	1,536,432	120,837	56,221	1,560,716
Equipment	51,189	0	0	51,189	0	0	51,189
Grants	0	40,000	0	40,000	40,000	0	40,000
Transfers	0	0	18,000	18,000	0	18,000	18,000
Total Costs	\$6,351,394	\$461,587	\$160,289	\$6,973,270	\$490,057	\$160,289	\$7,001,740
State/Other Special	6,105,083	444,191	119,529	6,668,803	469,077	119,529	6,693,689
Federal Special	246,311	17,396	40,760	304,467	20,980	40,760	308,051
Total Funds	\$6,351,394	\$461,587	\$160,289	\$6,973,270	\$490,057	\$160,289	\$7,001,740

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$40,000	FY04 \$0
FY05 \$40,000	FY05 \$0

PL- 407 - County Water Safety Program -

A current program that allows counties to increase their boating and water safety enforcement efforts through matching federal funds available under the State Recreational Boating Act administered by the U.S. Coast Guard would be expanded.

**Dept Of Fish, Wildlife & Parks-5201
Enforcement Division-04**

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$200,000	\$0
FY05	\$200,000	\$0

PL- 408 - Warden Overtime Compensation -

Establishes the ability for wardens to work overtime on holidays, during peak times and for priority issues.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$48,074	\$0
FY05	\$37,611	\$0

PL- 410 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for the internal fleet.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$35,000	\$0
FY05	\$35,000	\$0

PL- 414 - Restore State Boating Program -

Restore authorized level of federal funding available from the U.S. Coast Guard under the State Recreational Boating Act.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$10,780	\$0
FY05	\$10,780	\$0

PL- 415 - Off Highway Vehicle Enforcement -

Restore current level of funding supporting off-highway vehicle enforcement.

----- **New Proposals** -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$37,572	\$0
FY05	\$37,572	\$0

NP- 401 - Warden Trainee -

Put into HB 2 the two 0.50 FTE trainee positions created under HB 516 during the 2001 Legislature but not rolled into HB 2 authorization.

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$60,000	\$0
FY05	\$60,000	\$0

NP- 402 - Boating Parks & Recreation Law Enforcement Program Manager -

Create 1.00 FTE and operations to administer and manage boating, water safety, parks, snowmobile and off highway vehicle (OHV) enforcement programs.

Dept Of Fish, Wildlife & Parks-5201
Enforcement Division-04

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,500	FY04	\$0
FY05	\$7,500	FY05	\$0

NP- 405 - FTO/Trainer Compensation -

Provide bonus compensation to designated wardens for additional duties performed by field training officers, firearms instructors and use of force instructors.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$32,000	FY04	\$0
FY05	\$32,000	FY05	\$0

NP- 409 - Restore OTO for Commercial Licensing -

Provide funding for contracted assistance and department operational costs in the preparation of environmental assessments, environmental impact statements, compliance inspections and administrative costs incurred in commercial wildlife permitting.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$18,000	FY04	\$0
FY05	\$18,000	FY05	\$0

NP- 413 - Legislative Contract Authority -

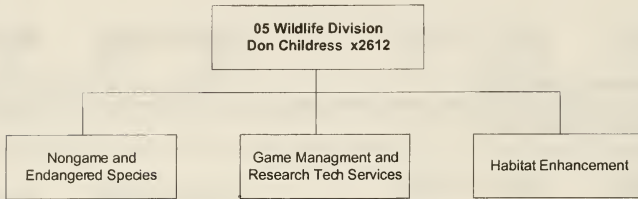
Legislative contract authority (LCA) is requested for federal expenditures for felony investigations and TIP-MONT.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,217	FY04	\$0
FY05	\$5,217	FY05	\$0

NP- 416 - Snowmobile Enforcement -

Restore previously authorized level of funding supporting snowmobile enforcement.

Dept Of Fish, Wildlife & Parks-5201 **Wildlife Division-05**



Program Description - The Wildlife Division is responsible for the department's statewide Wildlife Management Program, which enhances the use of Montana renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Acres of habitat acquired or enhanced	23,771	109,654	54,861	80,000	200,000	200,000
Regulations printed	725,400	730,000	737,000	740,000	745,000	750,000
Recreation day associated with hunting and trapping	4,918,500	6,941,300	2,116,965	5,500,000	5,500,000	5,500,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	98.40	2.75	1.50	102.65	2.75	2.50	103.65
Personal Services	4,466,882	397,261	58,067	4,922,210	401,573	83,889	4,952,344
Operating Expenses	2,500,972	434,057	100,526	3,035,555	459,381	110,526	3,070,879
Equipment	62,251	20,000	0	82,251	30,000	10,000	102,251
Grants	135,000	0	0	135,000	0	0	135,000
Transfers	0	0	550,000	550,000	0	550,000	550,000
Total Costs	\$7,165,105	\$851,318	\$708,593	\$8,725,016	\$890,954	\$754,415	\$8,810,474
State/Other Special	3,744,788	485,984	69,648	4,300,420	508,981	81,104	4,334,873
Federal Special	3,420,317	365,334	638,945	4,424,596	381,973	673,311	4,475,601
Total Funds	\$7,165,105	\$851,318	\$708,593	\$8,725,016	\$890,954	\$754,415	\$8,810,474

Dept Of Fish, Wildlife & Parks-5201
Wildlife Division-05

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$41,162	FY04	\$0
FY05	\$34,836	FY05	\$0

PL- 501 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for the fleet.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$80,000	FY04	\$0
FY05	\$88,000	FY05	\$0

PL- 503 - Survey and Inventory Adjustment -

Request a base adjustment for private aircraft rental used in population monitoring efforts across the state and funded 75 percent with federal funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$46,988	FY04	\$0
FY05	\$46,987	FY05	\$0

PL- 504 - Grizzly Bear Conflict Specialist R-3 -

Increase the wildlife conflict specialist in region 3 by 0.25 FTE to a full-time position for managing grizzly and black bears and other wildlife in the Yellowstone ecosystem and increase the operations associated with all conflict specialists positions.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$155,389	FY04	\$0
FY05	\$155,362	FY05	\$0

PL- 508 - Restore OTO for Mountain Lion Research -

This proposal continues the \$123,363 in operations for the mountain lion research initiated in 1997, and includes an increase of 0.50 FTE, a technician to assist in trapping and survey operations from October-March. It is recommended this be continued without the OTO designation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,181	FY04	\$0
FY05	\$7,181	FY05	\$0

PL- 509 - Moose Auction -

The Moose Auction receipts are sufficient to increase survey efforts and funding is increased accordingly.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$39,000	FY04	\$0
FY05	\$39,000	FY05	\$0

PL- 511 - Nongame Wildlife Program -

Increase operations in the nongame account that is consistent with funding availability. This money will be used in operations for survey and inventory of nongame species.

Dept Of Fish, Wildlife & Parks-5201
Wildlife Division-05

Total Agency Impact

FY04	\$37,265
FY05	\$37,185

General Fund Total

FY04	\$0
FY05	\$0

PL- 512 - Region 1 Wildlife Conflict Specialist -

The department is requesting 1.00 FTE wildlife conflict specialist to replace a contract position in Region 1 and respond to nuisance black bears, mountain lions, and moose in the urban/wild land interface.

Total Agency Impact

FY04	\$41,990
FY05	\$41,898

General Fund Total

FY04	\$0
FY05	\$0

PL- 513 - Region 4 Wildlife Biologist Reinstatement -

Reinstate 1.00 FTE wildlife biologist in Great Falls that has been important for two decades but was lost last session due to an extended vacancy to meet budget needs.

Total Agency Impact

FY04	\$14,000
FY05	\$14,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 514 - Upland Game Bird Habitat adjustment -

Allocate unspent revenues from the previous biennium into the operations for program administration and implementation.

Total Agency Impact

FY04	\$20,720
FY05	\$20,720

General Fund Total

FY04	\$0
FY05	\$0

PL- 515 - Wildlife Habitat Trust O & M -

This request will increase annual operating funds consistent with fund balance and program needs. Operations at WMAs consist of maintenance efforts such as fencing, weed control, and monitoring of conservation easements.

Total Agency Impact

FY04	\$20,000
FY05	\$30,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 516 - Equipment OTO -

This is a one time only request for additional equipment authority for a weed boom sprayer, flail mower for weed management, game check trailer and shared backhoe.

Total Agency Impact

FY04	\$35,000
FY05	\$35,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 518 - Printing Costs for Wildlife Regulations -

Increase costs for printing of hunting and trapping regulations due to volume and number.

Dept Of Fish, Wildlife & Parks-5201
Wildlife Division-05

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$10,000	FY04	\$0
FY05	\$10,000	FY05	\$0

PL- 519 - Migratory Bird Stamp Implementation -

Increased operations for implementation of the wetland program under the Wetland Legacy Program.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$52,021	FY04	\$0
FY05	\$52,015	FY05	\$0

NP- 502 - Coal Bed Methane Coordinator -

The department is requesting 1.00 FTE to develop a mitigation plan for coalbed methane development in southeastern Montana in coordination with private industry.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,000	FY04	\$0
FY05	\$52,856	FY05	\$0

NP- 505 - Research Weather Relationships with Wildlife -

Request authority to develop a research project on the relationships between weather and wildlife populations as an important step to forecasting populations and decisions on hunting seasons. Previous performance audits of the Wildlife Program have recommended the additional research. The Research and Technical Services Bureau will be responsible for completing the initial investigations in FY 2004 with a research program defined after the review in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$59,572	FY04	\$0
FY05	\$59,544	FY05	\$0

NP- 507 - Restore OTO for Black Bear Research -

Conduct an evaluation of black bear management criteria as outlined in the Black Bear EIS and add 0.50 FTE field technician to assist current staff. It is recommended this be approved without an OTO designation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,000	FY04	\$0
FY05	\$40,000	FY05	\$0

NP- 510 - Bighorn Sheep Auction -

Adjust operations funding consistent with income from auction receipts and maintain higher operations dollars for transplanting and research.

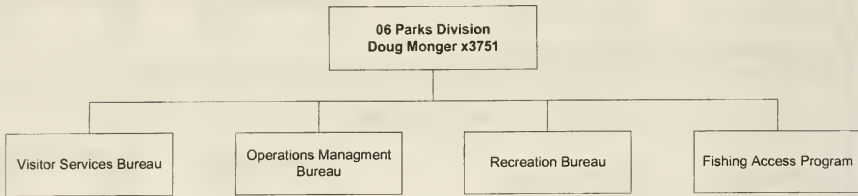
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$550,000	FY04	\$0
FY05	\$550,000	FY05	\$0

NP- 517 - Legislative Contract Authority -

Appropriation authority for spending anticipated federal funds under LCA are recommended consistent with prior biennia..

Dept Of Fish, Wildlife & Parks-5201

Parks Division-06



Program Description - The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state, and for providing for their use and enjoyment. The program includes 42 parks, 12 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 320 fishing access sites. Other programs administered by the division include motorized and non-motorized trail grants, local government recreation grants, and state Capitol Complex grounds maintenance.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
State Park Visitation*	1.55 million	1.2 million	1.1 million	1.3 million	1.4 million	1.5 million
Satisfaction with state park maintenance	75%	73%	70%	73%	75%	75%
Satisfaction with resources protection	73%	71%	69%	71%	73%	75%
Satisfaction with park information	68%	74%	79%	79%	79%	80%
Satisfaction with park education programs	45%	56%	63%	63%	65%	70%
Satisfaction with feeling safe in parks	72%	71%	70%	72%	73%	75%

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	93.55	0.00	3.87	97.42	0.00	3.87	97.42
Personal Services	3,083,284	275,977	113,509	3,472,770	277,994	113,498	3,474,776
Operating Expenses	1,553,181	83,999	60,731	1,697,911	101,777	60,731	1,715,689
Equipment	391,970	50,909	0	442,879	(282,011)	0	109,959
Grants	311,541	1,778	0	313,319	1,778	0	313,319
Transfers	0	0	50,000	50,000	0	50,000	50,000
Total Costs	\$5,339,976	\$412,663	\$224,240	\$5,976,879	\$99,538	\$224,229	\$5,663,743
General Fund	279,253	(23,823)	0	255,430	(22,816)	0	256,437
State/Other Special	4,831,807	363,031	174,240	5,389,078	68,899	174,229	5,074,935
Federal Special	228,916	53,455	50,000	332,371	53,455	50,000	332,371
Total Funds	\$5,339,976	\$412,663	\$224,240	\$5,976,879	\$99,538	\$224,229	\$5,663,743

Please note that a HB 576 section exists for this program.

**Dept Of Fish, Wildlife & Parks-5201
Parks Division-06**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,778	FY04	\$0
FY05	\$1,778	FY05	\$0

PL- 601 - Restore Snowmobile Grant Authority -

Restoration of authority to fund snowmobile trail grooming and maintenance at historical level is recommended.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,909	FY04	\$0
FY05	(\$282,011)	FY05	\$0

PL- 602 - Snowmobile Equipment Biennial -

Biennial appropriation request for \$50,909 for the used snowmobile trail groomers due to an increase in replacement costs. In addition, this appropriation was a biennial appropriation and was established in the base year. This technical adjustment is necessary to remove the duplicate appropriation that was established in MBARS.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$58,129	FY04	\$0
FY05	\$58,129	FY05	\$0

PL- 603 - Land & Water Conservation Fund -

Request federal authority to administer the Land and Water Conservation Fund program that gives grants to state and local communities for recreational improvements.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$10,500	FY04	\$0
FY05	\$14,233	FY05	\$0

PL- 605 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for the fleet.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,342	FY04	\$0
FY05	\$4,342	FY05	\$0

PL- 606 - Restore Base Operations -

Restoration of authority to fund park operations in the amount of FY 2002 contingency set aside for emergencies is requested.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,000	FY04	\$0
FY05	\$35,000	FY05	\$0

PL- 607 - Community Service -

Continue utilizing community service programs to assist with parks maintenance projects.

**Dept Of Fish, Wildlife & Parks-5201
Parks Division-06**

Total Agency Impact

FY04	(\$31,745)
FY05	(\$31,745)

General Fund Total

FY04	(\$31,745)
FY05	(\$31,745)

PL- 7612 - General Fund Reduction -

General fund is used in parks statewide to assist with maintenance and operations of the entire state parks program. No personal services are funded with general fund. This request will reduce services in several areas. The reduction will reduce service to park visitors and will require postponing some maintenance activities such as weed control, toilet pumping, and interpretive signing.

----- New Proposals -----

Total Agency Impact

FY04	\$50,000
FY05	\$50,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 604 - Legislative Contract Authority -

Request authority to spend anticipated federal funds under LCA consistent with ongoing practice.

Total Agency Impact

FY04	\$174,240
FY05	\$174,229

General Fund Total

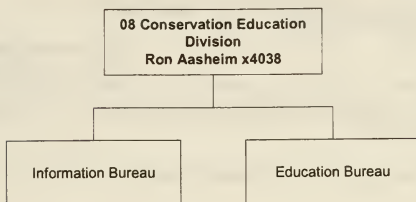
FY04	\$0
FY05	\$0

NP- 609 - FAS Maintenance and Operations -

Funding is requested to address increasing maintenance demands at fishing access sites which, is typically done by part-time seasonal employees who live on a nearby farm, ranch, or small community.

Dept Of Fish, Wildlife & Parks-5201

Conservation Education Div-08



Program Description - The Conservation Education Division, through its Helena office and six regional information officers, coordinates the department's information and education programs. Its responsibilities include: 1) distributing public information through news releases, audio-visual materials, brochures and public service announcements; 2) coordinating youth education programs; 3) coordinating the production of hunting, fishing and trapping regulations; 4) coordinating the hunter, bow-hunter, snowmobile, boat and off-highway vehicle education and safety programs; and 5) providing reception services for the department's Helena Headquarters.

In addition, the program publishes Montana Outdoors Magazine, produces video documentaries and a weekly television report, maintains a film/video lending library, and operates the department's wild animal rehabilitation center.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Hunter Ed students instructed	6,300	6,800	6,500	6,500	6,500	6,500
Bow-hunter Ed students instructed	1,600	2,800	3,100	3,200	3,500	3,500
Television Outdoor reports			52	52	52	52

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	23.55	0.00	0.00	23.55	0.00	0.00	23.55
Personal Services	1,113,240	85,764	0	1,199,004	87,194	0	1,200,434
Operating Expenses	1,265,351	102,619	(1,979)	1,365,991	92,097	(1,979)	1,355,469
Equipment	9,178	20,000	0	29,178	20,000	0	29,178
Grants	24,969	60,031	45,172	130,172	(24,969)	(14,828)	(14,828)
Transfers	0	0	50,000	50,000	0	50,000	50,000
Total Costs	\$2,412,738	\$268,414	\$93,193	\$2,774,345	\$174,322	\$33,193	\$2,620,253
General Fund	2,563	(2,563)	0	0	(2,563)	0	0
State/Other Special	1,770,966	167,448	43,193	1,981,607	73,356	(16,807)	1,827,515
Federal Special	639,209	103,529	50,000	792,738	103,529	50,000	792,738
Total Funds	\$2,412,738	\$268,414	\$93,193	\$2,774,345	\$174,322	\$33,193	\$2,620,253

**Dept Of Fish, Wildlife & Parks-5201
Conservation Education Div-08**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,000	FY04	\$0
FY05	\$20,000	FY05	\$0

PL- 803 - Video Equipment -

Purchase of video equipment to replace and update that currently used by Fish, Wildlife & Parks in working with television stations throughout Montana..

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$70,865	FY04	\$0
FY05	(\$29,135)	FY05	\$0

PL- 805 - Shooting Range Grants -

FWP has administered a shooting range grants program for the last 12 years. Biennial funding authority has varied between \$120,000 and \$150,000. These dollars have been distributed to approximately 75 projects at 45 different locations. This request is to continue the program with a biennial appropriation. This request is being reduced by \$20,000 in order to annualize 0.20 FTE.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$24,000	FY04	\$0
FY05	\$24,000	FY05	\$0

PL- 806 - Salary Adjustment -

Regional Information Officers in four of our six regions are expected to receive an hourly wage increase due to increased responsibilities. Adjustments will occur after our base budget personal services snapshot is taken in 2002. This request is made to cover additional personal services expenses expected.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$80,000	FY04	\$0
FY05	\$80,000	FY05	\$0

PL- 807 - Federal PR/Section 10 -

As a result of the passage of the Wildlife and Sport Fish Restoration Programs Improvement Act of 2000, additional federal aid funds (Section 10) are available to enhance state hunter education programs. Montana's apportionment is \$80,000 annually. The fund is to be used to "enhance" the existing hunter education program and may not be used to replace existing federal appropriations for hunter education.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,155	FY04	\$0
FY05	\$3,718	FY05	\$0

PL- 808 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for FWP's internal fleet of vehicles.

**Dept Of Fish, Wildlife & Parks-5201
Conservation Education Div-08**

Total Agency Impact

FY04	(\$2,565)
FY05	(\$2,577)

General Fund Total

FY04	(\$2,565)
FY05	(\$2,577)

PL- 7809 - General Fund Reduction -

This proposal will result in a reduction of printed material relating to Off-Highway Vehicle (OHV) Safety and Education. The consequences will be less public information specific to safety, education and ethics related to OHV use will be available.

----- **New Proposals** -----

Total Agency Impact

FY04	\$50,000
FY05	\$50,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 801 - Legislative Contract Authority -

Legislative Contract Authority to allow expenditure of anticipated federal funds.

Total Agency Impact

FY04	\$43,193
FY05	(\$16,807)

General Fund Total

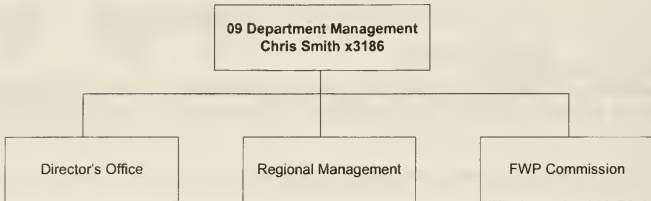
FY04	\$0
FY05	\$0

NP- 804 - Restore OTO for Shooting Range Grants Enhancement -

Restoring a one-time-only for the continuation of a biennial appropriation utilized for the development of public shooting ranges as recommended.

Dept Of Fish, Wildlife & Parks-5201

Department Management-09



Program Description - The Department Management Division is responsible for: 1) overall department direction regarding policy, planning, program development, guidelines, and budgets; 2) serving as a liaison with the Governor's Office and the legislature; 3) interaction with the Fish, Wildlife and Parks Commission; 4) decision-making for key resource activities affecting the department; 5) supervision of the seven divisions that provide program development and staff support; 6) supervision of the seven regional offices that are responsible for program implementation; 7) legal services for the department; and 8) serving as a liaison with Montana's Indian tribes and with other state and federal agencies.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Personnel appraisals conducted (Performance Agreements)	77%	80%	95%	98%	98%	98%
% of employee participants in Leadership & Career Development Initiatives	56%	63%	77%	85%	90%	90%

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	50.23	0.00	1.30	51.53	0.00	1.30	51.53
Personal Services	2,247,360	185,771	845,096	3,278,227	185,085	58,162	2,490,607
Operating Expenses	1,206,499	13,915	1,330,000	2,550,414	9,109	70,000	1,285,608
Equipment	36,738	0	0	36,738	0	0	36,738
Grants	69,389	0	100,000	169,389	0	0	69,389
Transfers	0	0	200,000	200,000	0	200,000	200,000
Total Costs	\$3,559,986	\$199,686	\$2,475,096	\$6,234,768	\$194,194	\$328,162	\$4,082,342
State/Other Special	2,660,954	135,876	835,096	3,631,926	126,267	128,162	2,915,383
Federal Special	899,032	63,810	1,640,000	2,602,842	67,927	200,000	1,166,959
Total Funds	\$3,559,986	\$199,686	\$2,475,096	\$6,234,768	\$194,194	\$328,162	\$4,082,342

Dept Of Fish, Wildlife & Parks-5201
Department Management-09

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,540	FY04	\$0
FY05	\$2,104	FY05	\$0

PL- 901 - Internal Service Rate Adjustment -

Adjust vehicle use costs due to inflationary and rate increases for FWP's internal fleet of vehicles.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,000	FY04	\$0
FY05	(\$7,826)	FY05	\$0

PL- 902 - Printing of Statute Books -

Reduce funding in FY05 consistent with cyclical costs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,000	FY04	\$0
FY05	\$3,000	FY05	\$0

PL- 904 - Overtime/Comp Time Costs -

Restore funding for overtime budget.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$16,000	FY04	\$0
FY05	\$16,000	FY05	\$0

PL- 907 - Commission Per Diem -

Restore personal services' authority to cover FWP Commissioners' expenses.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,000	FY04	\$0
FY05	\$30,000	FY05	\$0

NP- 905 - Restore OTO for Office Maintenance and Small Equipment -

The 2001 Legislature approved a one-time, restricted appropriation of \$25,000 for non-capital maintenance and office equipment to address routine building maintenance that does not rise to the level of capital expenditures, such as painting, carpet, plumbing repairs, rewiring to support use of computer networks and for replacement of small office equipment, such as FAX machines, desktop photocopiers, cash registers, computers, and printers that had been deferred due to increasing communications and utility costs, janitorial contracts, etc. These funds were fully expended during the biennium. The need continues and we are requesting this authority be increased by \$5,000 and incorporated into the base budget for future biennia.

Dept Of Fish, Wildlife & Parks-5201
Department Management-09

Total Agency Impact

FY04	\$200,000
FY05	\$200,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 906 - Legislative Contract Authority -

Provide authority for federal funds for administrative support.

Total Agency Impact

FY04	\$72,169
FY05	\$72,053

General Fund Total

FY04	\$0
FY05	\$0

NP- 908 - Restore OTO for River Recreation Coordinator -

Restore program to coordinate and facilitate recreation management plans on Montana's most popular and congested waters.

Total Agency Impact

FY04	\$20,000
FY05	\$20,000

General Fund Total

FY04	\$0
FY05	\$0

NP- 909 - Economic Study -

Provide funding for annual assessment of the value of hunting, fishing, and wildlife -related recreation to the Montana economy. The last comprehensive assessment of economic value of hunting and fishing was completed in 1992. This decision package provides funding to update these data. We propose making this appropriation permanent, to allow annual updates to maintain current information in the future.

Total Agency Impact

FY04	\$6,127
FY05	\$6,109

General Fund Total

FY04	\$0
FY05	\$0

NP- 910 - Regional Office Support Staff -

Add FTE for regional support staff to enhance public service in the Missoula area.

Total Agency Impact

FY04	\$1,360,000
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

NP- 911 - State Wildlife Grant (SWG) Federal Program -

It is recommended to provide funding for surveys, monitoring, and conservation of native fish and wildlife species of special concern. Congress appropriated \$1.4 million in federal funds for use by Montana FWP to conserve native fish and wildlife species. These funds must be matched 1:1 or 1:3, depending on the nature of the project. This decision package requests authority to spend \$160,000 in general license dollars and \$1.2 million in federal funds.

Total Agency Impact

FY04	\$786,800
FY05	\$0

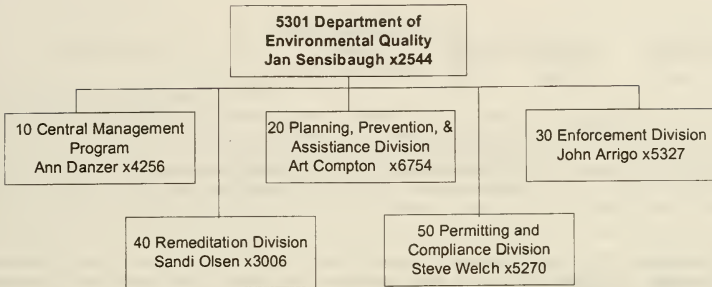
General Fund Total

FY04	\$0
FY05	\$0

NP- 913 - FWP Retirement Liability -

Provide one-time-only restricted funding for FWP's substantial retirement payout liability. During the upcoming biennium at least 59 career FWP employees will be eligible for retirement. Termination payouts for these long-term employees average over \$20,000 each. The cost of these payouts, on top of legislatively mandated vacancy savings, has a significant impact on field operations.

Dept. Of Environmental Quality-5301



Mission Statement - To protect, promote and enhance public health and environmental quality for the benefit of all Montana citizens.

Statutory Authority - Titles 2, 7, 37, 50, 69, 75, 76, 80, 82 and 90, MCA; USC 24, 30, 33 and 42; PL No. 92-500, 95-87, 91, 95-224 and 99-519.

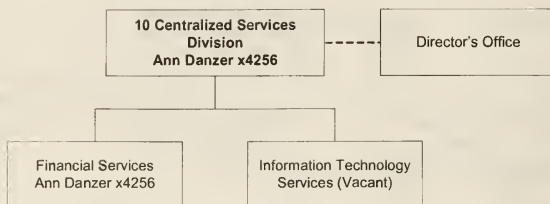
Language – "Items 2, 4, and 5 include a total of \$177,855 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	361.03	8.25	2.00	371.28	8.25	2.00	371.28
Personal Services	13,549,361	3,698,693	85,967	17,334,021	3,690,040	85,724	17,325,125
Operating Expenses	26,222,312	36,727,639	365,663	63,315,614	(5,716,574)	104,615	20,610,353
Equipment	85,504	11,121	0	96,625	11,121	0	96,625
Grants	1,036,769	273,888	0	1,310,657	293,866	0	1,330,635
Benefits & Claims	1,364,619	(264,619)	0	1,100,000	(264,619)	0	1,100,000
Total Costs	\$42,258,565	\$40,446,722	\$451,630	\$83,156,917	(\$1,986,166)	\$190,339	\$40,462,738
General Fund	3,546,942	172,902	(171,501)	3,548,343	158,712	(171,500)	3,534,154
State/Other Special	22,494,902	30,531,881	292,611	53,319,394	(7,106,365)	131,500	15,520,037
Federal Special	16,216,721	9,741,939	330,520	26,289,180	4,961,487	230,339	21,408,547
Total Funds	\$42,258,565	\$40,446,722	\$451,630	\$83,156,917	(\$1,986,166)	\$190,339	\$40,462,738

----- Agency General Fund Target - \$7.09 million -----

Dept. Of Environmental Quality-5301

Central Management Program-10



Program Description - The Central Management Division consists of the Director's Office, a Financial Services Office, and an Information Technology Office. It is the organizational component of the agency that is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Director's Office includes the Director's staff, the Deputy Director, an Administrative Officer, Public Information Officer, a centralized Legal Services Unit, and a centralized Personnel Office. The Financial Services Office provides budgeting, accounting, payroll, procurement and contract management support to other divisions. The Information Technology Office provides and information technology services support to other divisions.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	8.00	0.00	3.00	11.00	0.00	3.00	11.00
Personal Services	340,851	76,286	146,801	563,938	75,720	146,421	562,992
Operating Expenses	132,484	663,262	1,126,324	1,922,070	43,223	(23,369)	152,338
Total Costs	\$473,335	\$739,548	\$1,273,125	\$2,486,008	\$118,943	\$123,052	\$715,330
General Fund	124,938	28,781	123,125	276,844	29,806	123,052	277,796
State/Other Special	182,767	169,844	1,150,000	1,502,611	46,609	0	229,376
Federal Special	165,630	540,923	0	706,553	42,528	0	208,158
Total Funds	\$473,335	\$739,548	\$1,273,125	\$2,486,008	\$118,943	\$123,052	\$715,330

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,870	FY04 \$2,870
FY05 \$2,870	FY05 \$2,870

PL- 1 - Board of Environmental Review Adjustments -

The department anticipates increased workload by the hearings officer assigned to the Board of Environmental Review. These increased costs are not program specific and therefore will be charged to the board's budget. The department also is budgeting increased travel costs due to the location of some the board members and adjusting personal services to restore zero-based board per diem.

Dept. Of Environmental Quality-5301
Central Management Program-10

Total Agency Impact

FY04	\$46,707
FY05	\$50,680

General Fund Total

FY04	\$10,892
FY05	\$11,819

PL- 3 - Attorney Pool Base Adjustments -

To maximize efficiencies and provide centralized management of legal services, the department moved 8.00 FTE attorney positions and operating funding from programs 20, 30, and 50 to program 10 in FY 2002 to create an attorney pool within the Legal Services Unit of the Director's Office. This reorganization assisted the attorney supervisor in managing and monitoring the attorney pool budget and expenditures. The amount transferred was \$567,033 and \$583,527 for FY 2002 and FY 2003, respectively. Adjustments are for temporary services, printing and photocopying, books and reference materials, postage, phones, education and training, dues and subscriptions and indirect costs.

Total Agency Impact

FY04	(\$18,554)
FY05	(\$18,554)

General Fund Total

FY04	(\$4,327)
FY05	(\$4,327)

PL- 75 - Attorney Pool Alternative Payplan Adjustment -

This is a reduction to operating costs to cover the personal services cost of the alternative pay plan for the attorney pool.

Total Agency Impact

FY04	\$125,000
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

PL- 79 - Environmental Rehabilitation & Response Account -

The environmental rehabilitation and response account established in SB 449 of the 2001 legislative session is available by appropriation for reclamation of mined lands, remediation of sites containing hazardous wastes or substances, and response to imminent threats of substantial harm to public health, safety or the environment. Biennial spending authority is requested.

Total Agency Impact

FY04	\$500,000
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

PL- 88 - Restore OTO - Federal One Stop Grant -

It is recommended that the one-time-only biennial appropriation of \$500,000 federal grant funds be restored. This grant is furnished to states that have demonstrated initiative and the capability to further the goals of the Environmental Protection Agency for information technology. The goals of the one stop program are to consolidate data, catalogue regulated entities, and provide for data sharing with other government agencies and the public. This grant will provide the department with additional resources to enhance on-going data conversions of air, water and waste databases into a department enterprise database.

----- New Proposals -----

Total Agency Impact

FY04	\$1,123,125
FY05	\$123,052

General Fund Total

FY04	\$123,125
FY05	\$123,052

NP- 200 - 10 MEPA Reorg from Prg 50 -

This is an agency reorganization to move the MEPA program to the Central Management Division. This will move 3.00 FTE and associated operating costs.

Dept. Of Environmental Quality-5301
Central Management Program-10

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$150,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 8013 - Legal Contingency & Database Development -

The Montana Supreme Court has ruled that state agencies are liable for all attorney fees and court costs in civil proceedings should the court find against an agency. This request is for a legal contingency and database development biennial appropriation. The decision package is a proposed funding switch from general fund to state special revenue. The department is requesting legislation to allow penalty revenue from numerous environmental laws administered by the agency to be deposited to a state special revenue account (02291) to fund the legal contingencies and database development.

**Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20**

**20 Planning, Prevention, and
Assistance Bureau
Art Compton x6754**

**Monitoring & Data
Management Bureau**

**Pollution Prevention
Bureau**

**Resource Protection
Planning Bureau**

**Technical & Financial
Assistance Bureau**

Program Description - The division 1) finances construction and improvement of community drinking water and wastewater systems, and provides engineering review and technical assistance to community water infrastructure planners and officials 2) provides assistance to small businesses in their efforts to comply with environmental regulations 3) monitors air and water quality conditions and trends, assesses sources and severity of potential pollution problems, and aids industry efforts to achieve cost effective compliance; 4) assists local community efforts in planning for energy, watershed, airshed, and solid and hazardous waste management; 5) helps develop water Total Maximum Daily Loads; 6) coordinates department positions on environmental legislation, proposes rules and policy, and develops environmental protection criteria; 7) provides economic modeling and analysis to assess the cost effectiveness of various environmental programs; 8) finances energy retrofits of public buildings; and 9) provides technical assistance, education and outreach to builders, homeowners and others on energy efficiency and renewable energy, indoor air quality and radon. The division consists of four bureaus: Monitoring and Data Management, Pollution Prevention, Resource Protection Planning, and Technical and Financial Assistance.

Program Indicators -

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Wastewater/Drinking Water technical assistance efforts completed	69	390	347	386	386	386
Source Water Protection projects completed	36	100	524	642	400	300
Small Businesses that received assistance	734	796	1,372	2,010	2,000	2,000
Air Quality State Implementation Plans and major projects completed	12	11	10	8	8	8
Air sheds and watersheds monitored and assessed for compliance	423	423	434	536	546	556

Program Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	96.58	1.00	1.00	98.58	1.00	1.00	98.58
Personal Services	3,543,033	1,011,279	49,074	4,603,386	1,005,268	48,927	4,597,228
Operating Expenses	6,062,375	2,116,364	21,446	8,200,185	2,075,064	21,412	8,158,851
Equipment	49,573	34,713	0	84,286	34,713	0	84,286
Total Costs	\$9,654,981	\$3,162,356	\$70,520	\$12,887,857	\$3,115,045	\$70,339	\$12,840,365
General Fund	1,802,567	76,411	0	1,878,978	59,124	0	1,861,691
State/Other Special	830,747	462,089	0	1,292,836	466,549	0	1,297,296
Federal Special	7,021,667	2,623,856	70,520	9,716,043	2,589,372	70,339	9,681,378
Total Funds	\$9,654,981	\$3,162,356	\$70,520	\$12,887,857	\$3,115,045	\$70,339	\$12,840,365

**Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$766,878	FY04	\$40,634
FY05	\$760,312	FY05	(\$24,077)

PL- 4 - RPPB Budget Adjustment -

This request is to re-establish the base budget for the Resource Protection and Planning Bureau, offset by continuing the Governor's and special session general fund reductions and switching some items to federal grant funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$121,364)	FY04	(\$101,772)
FY05	(\$121,364)	FY05	(\$101,772)

PL- 5 - RPPB Alternative Payplan Adjustments -

This is a reduction to fund the alternative pay plan in the Resource Protection and Planning Bureau.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$668,614	FY04	\$130,430
FY05	\$624,571	FY05	\$126,653

PL- 6 - MDMB Base Adjustments -

This request is to re-establish the base budget for the Monitoring and Data Management Bureau since operating expenses were under expended relative to what would be needed to support a full staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$69,002)	FY04	(\$18,736)
FY05	(\$69,002)	FY05	(\$18,736)

PL- 7 - MDMB Alternative Payplan Adjustments -

This is a reduction to fund the alternative pay plan in the Monitoring and Data Management Bureau as required by the executive.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$388,588	FY04	(\$47,701)
FY05	\$387,007	FY05	(\$47,764)

PL- 8 - TFAB Budget Adjustments -

This request is to re-establish the base budget for the Technical and Financial Assistance Bureau, offset by continuing the Governor's and special session general fund reductions. This item also includes reducing federal funds of \$100,000 as a companion to the adjustment in PL-4.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$10,783)	FY04	\$7,415
FY05	(\$7,849)	FY05	\$7,415

PL- 9 - PPB Base Adjustments -

This request is to re-establish the base budget for the Pollution Prevention Bureau in operating expenses for supplies, communications, travel and other services, which were under spent due to vacancies.

Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20

Total Agency Impact

FY04	(\$56,056)
FY05	(\$56,056)

General Fund Total

FY04	\$0
FY05	\$0

PL- 10 - PPB Alternative Payplan Adjustments -

This is a reduction to fund the alternative pay plan in the Pollution Prevention Bureau.

Total Agency Impact

FY04	\$8,180
FY05	\$2,649

General Fund Total

FY04	(\$25,357)
FY05	(\$30,745)

PL- 11 - Administration FTE and Adjustments -

This request is to re-establish the base budget for the Administrative and Fiscal Unit, offset by continuation of the Governor's reductions and additional reductions to meet the general fund target. Included is elimination of 1.00 FTE accounting technician position.

Total Agency Impact

FY04	(\$121,291)
FY05	(\$121,291)

General Fund Total

FY04	(\$1,250)
FY05	(\$1,250)

PL- 12 - TFAB Alternative Payplan Adjustment -

This is a reduction to fund the alternative pay plan.

Total Agency Impact

FY04	\$370,000
FY05	\$370,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 43 - TMDL Supplemental Grant -

EPA is expected to direct \$370,000 each year of funding to DEQ to improve capability to complete Total Maximum Daily Loads (TMDLs) and meet the court-mandated schedule for Montana. This funding comes without match requirements, and will be used to fund 1.00 FTE TMDL position, with the majority of funding to be used for contracted services. The workload necessary to comply with the federal district court schedule exceeds the capabilities of a fully-staffed program.

Total Agency Impact

FY04	\$100,000
FY05	\$100,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 60 - TFAB - Universal System Benefits Charge -

A biennial appropriation is requested for renewable energy development. As part of its electrical utility restructuring legislation, the Montana Legislature established a Universal System Benefit (USB) Charge to fund social benefits that might otherwise not be funded through the market place. These benefits include low-income energy assistance and weatherization energy efficiency and renewable energy development. USB charges are being collected by Northwestern Energy and Montana Dakota Utilities (MDU). Northwestern, MDU and qualifying large utility customers are allowed to operate programs to expand these funds on eligible public benefit activities. According to statute, any unspent funds are allocated annually to DEQ, again to be used for qualifying public services.

Dept. Of Environmental Quality-5301
Planning, Prevention & Assist. Div.-20

----- New Proposals -----

Total Agency Impact

FY04	\$70,520
FY05	\$70,339

General Fund Total

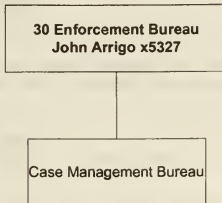
FY04	\$0
FY05	\$0

NP- 62 - TFAB STAG Grant -

This proposal is for 1.00 FTE and federal funds for the 2005 biennium to administer the EPA State Tribal Assistance Grant (STAG) program projects. Montana can receive the funding to provide project management and technical assistance for the design, construction and operation of public water and wastewater facilities funded with STAG monies over a period of approximately five years.

Language Recommendations - "The department is authorized to decrease federal special revenue money in the water pollution control and/or drinking water revolving fund loan programs and increase state special revenue money by a like amount within the special administration account when the amount of federal capitalization funds have been expended or federal funds and bond proceeds will be used for other program purposes."

**Dept. Of Environmental Quality-5301
Enforcement Division-30**



Program Description - The Enforcement Division is the central control for activities designed to facilitate the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. A citizen complaint clearinghouse and information tracking system is maintained by the division. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

Program Indicators –

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Enforcement Cases	262	305	297	325	350	375
Complaints	949	971	1,011	1,030	1,040	1,050

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	14.00	0.00	0.00	14.00	0.00	0.00	14.00
Personal Services	606,481	62,518	0	668,999	61,393	0	667,874
Operating Expenses	263,667	26,397	0	290,064	35,582	0	299,249
Total Costs	\$870,148	\$88,915	\$0	\$959,063	\$96,975	\$0	\$967,123
General Fund	464,433	15,256	(65,000)	414,689	18,866	(65,000)	418,299
State/Other Special	142,824	16,115	55,000	213,939	18,147	55,000	215,971
Federal Special	262,891	57,544	10,000	330,435	59,962	10,000	332,853
Total Funds	\$870,148	\$88,915	\$0	\$959,063	\$96,975	\$0	\$967,123

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$71,120	FY04 \$35,812
FY05 \$77,005	FY05 \$38,776

PL- 13 - Enforcement Budget Adjustments -

Base adjustments are required to restore the FY 2002 authorized amounts where increased expenditures are anticipated for database conversion, operation and maintenance, legal service fees and costs, charges associated with contested enforcement cases and other minor items.

**Dept. Of Environmental Quality-5301
Enforcement Division-30**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$53,798)	FY04	(\$27,088)
FY05	(\$53,798)	FY05	(\$27,088)

PL- 14 - Enforcement Alternative Payplan -

This is a reduction in operating costs to cover the increased personal services cost of the alternative payplan for the Enforcement Division. Total 2005 biennium amount is a reduction of \$107,596, of which \$54,178 is general fund.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,444	FY04	\$0
FY05	\$6,318	FY05	\$0

PL- 73 - Enforcement Lease Vehicle -

This request is a present law base adjustment for a lease vehicle from the State Motor Pool for the Enforcement Division that will replace an owned vehicle. The current owned vehicle is a 1991 Blazer with over 140,000 miles and cannot be relied upon for long trips or for use on rugged terrain.

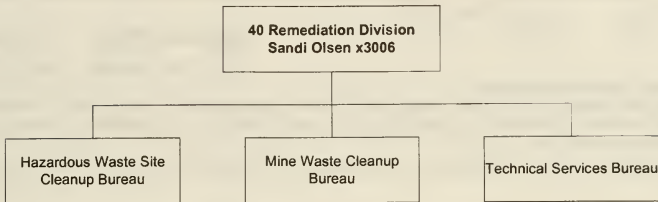
----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$65,000)
FY05	\$0	FY05	(\$65,000)

NP- 8013 - Enforcement Reduction & Fund Switch -

As part of the plan to continue the special session reductions into the next biennium and to meet the general fund target, legislation will be introduced to modify the earmarking of Air Quality Act penalties in the state special revenue account for the program. Passage and approval of this legislation will result in general fund savings of \$65,000 each year.

Dept. Of Environmental Quality-5301 Remediation Division-40



Program Description - The Remediation Division is responsible for: 1) overseeing investigation and cleanup activities at state and federal superfund sites; 2) reclaiming abandoned mine lands; 3) regulating, permitting, and licensing underground storage tanks (UST); 4) implementing corrective actions for remediation of releases and spills from leaking USTs; 5) providing staff support for processing eligibility applications and claims submitted to the Petroleum Tank Release Compensation Board for cleanup funds; and 6) overseeing groundwater remediation at sites where agricultural and industrial chemical spills have caused groundwater contamination.

The purposes of these activities are to: 1) protect human health and the environment; 2) prevent exposure of potential human and ecological receptors to hazardous or deleterious substances that have been released to soil, sediment, surface water, or groundwater; and 3) ensure compliance with applicable state and federal regulations. The division is comprised of three bureaus: Hazardous Waste Site Cleanup Bureau, Mine Waste Cleanup Bureau, Technical Services Bureau, and the Fiscal and Administrative Services Section. The division works closely with the Petroleum Tank Release Compensation Board, which provides financial assistance for cleanup of petroleum contaminated leaking UST sites. The Petroleum Tank Release Compensation Board is attached to the Department of Environmental Quality for administrative purposes.

Program Indicators –

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Permits Issued	422	485	964	922	509	856
Active Sites	4,489	3,024	3,102	3,142	3,138	3,135
Sited Cleanups Completed Each Year	93	104	70	83	83	83
Cost Using State – Managed Funds	9,843,280	12,485,912	23,125,947	20,215,420	18,130,528	17,422,263

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	82.75	1.25	0.00	84.00	1.25	0.00	84.00
Personal Services	2,817,221	1,114,501	0	3,931,722	1,114,638	0	3,931,859
Operating Expenses	5,660,531	1,275,451	111,111	7,047,093	677,766	0	6,338,297
Benefits & Claims	1,364,619	(264,619)	0	1,100,000	(264,619)	0	1,100,000
Total Costs	\$9,842,371	\$2,125,333	\$111,111	\$12,078,815	\$1,527,785	\$0	\$11,370,156
State/Other Special	4,058,044	959,731	11,111	5,028,886	675,022	0	4,733,066
Federal Special	5,784,327	1,165,602	100,000	7,049,929	852,763	0	6,637,090
Total Funds	\$9,842,371	\$2,125,333	\$111,111	\$12,078,815	\$1,527,785	\$0	\$11,370,156

**Dept. Of Environmental Quality-5301
Remediation Division-40**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$12,198	FY04	\$0
FY05	\$26,933	FY05	\$0

PL- 15 - HWSC - Budget Adjustments -

The Hazardous Waste Site Cleanup Bureau budget adjustments include contracted services, supplies, telephone charges, travel and training, as well as site investigations, risk assessments and free-product recovery evaluations at numerous state superfund sites.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$70,041	FY04	\$0
FY05	\$78,071	FY05	\$0

PL- 16 - MWCB Base Adjustment -

Due to staff vacancies, budget adjustments are being made for expenditure categories not fully spent. These categories include contracted services, supplies, telephone charges, travel and training.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$45,859	FY04	\$0
FY05	\$52,550	FY05	\$0

PL- 17 - TSB - Budget Adjustments -

Due to staff vacancies, base adjustments are being made for expenditure categories not fully spent, including contracted services, supplies, telephone charges, travel and training. Also \$15,000 is requested for new contract support to develop training programs to meet the compliance assistance needs of owners and operators.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$44,478	FY04	\$0
FY05	\$44,410	FY05	\$0

PL- 41 - Re-establish 1.25 FTE -

This request is to re-establish 1.25 FTE for Petroleum Release Section and Fiscal and Administrative Services Section. There is 1.00 FTE senior scientist providing technical expertise to new staff and drafting technical policies for the petroleum release program that has been filled since July 2001 as a critical need modified position authorized by the budget director. The other 0.25 FTE in administrative services is needed because the position was temporarily reduced to 0.75 FTE to accommodate the needs of the employee, who has subsequently left. Now it is impossible to recruit for the position.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$345,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 53 - HWSC - LUST Contracted Services - OTO -

Federal Leaking Underground Storage Tanks (LUST) Trust grant carryover funds are available and EPA is mandating that the department spend these funds in the next biennium. Revenue is available to increase present law federal expenditures by \$345,000 for the 2005 biennium. These funds will augment current efforts to investigate and clean up LUST sites where a responsible party is unable or unwilling to do the work, or where no responsible party can be identified. This one-time-only biennial request will be used for contracted services for site cleanup.

Dept. Of Environmental Quality-5301
Remediation Division-40

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$145,000	FY04	\$0
FY05	\$145,000	FY05	\$0

PL- 54 - MWCB - Libby Asbestos Removal -

The EPA is addressing the Libby Asbestos project as a removal action until long-term plans are developed. They are currently evaluating sample data collected in and around Libby associated with past mining and related asbestos problems. The site is proposed for the National Priority List and EPA will be the lead agency and DEQ will provide support. Not as much work on the site was completed in FY 2002 as anticipated. This budget adjustment allows for additional travel and contracted services not expended in the base year. Aggregate FTE was approved for this project in FY 2002, but due to federal delays in site listing, the position has not been filled at this point in time so the funding is not in the base.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$65,000	FY04	\$0
FY05	\$65,000	FY05	\$0

PL- 66 - Petro Board Contracts Budget Adjustment -

An additional \$65,000 each year is requested to fund the board's subrogation contract. Under this contract, insurance companies and other responsible parties will be sought to reimburse the Petroleum Tank Release Compensation Board for past board expenditures.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$60,000	FY04	\$0
FY05	\$60,000	FY05	\$0

PL- 71 - TSB - Database Consolidation - OTO Restricted -

The Information Services Section requests funding to continue consolidation and maintenance of current databases to facilitate long-term plans for conversion to Oracle, the state database platform. This request is for restricted, one-time-only authority.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 81 - HWSC - EQPF Legal Contracts -

The EQPF program requests \$300,000 for legal contracts to seek reimbursement of the EQPF fund from the potentially-liable parties for costs incurred during cleanup of sites. Outside counsel will be contracted to pursue a cost recovery action at sites such as Block P Mines & Mill, Upper Blackfoot Mining Complex, Lockwood Solvent Site, etc. DEQ also has a civil action to pursue at Tank Farm Hill. This request is for biennial, restricted, one-time-only authority.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$86,000	FY04	\$0
FY05	\$86,000	FY05	\$0

PL- 82 - MWCB - 2.00 FTE Aggregate -

The Mine Waste Cleanup Bureau requested aggregate FTE last session for cleanup of Superfund sites and they were approved. Because it was misunderstood how the FTE would be utilized, only 1.00 FTE aggregate rather than the 2.00 FTE aggregate required was entered in the program. For the federal superfund sites such as Barker Hughesville, Carpenter Snow Creek, and Libby/Troy 2.00 FTE aggregate positions are needed with 100 percent federal funding.

Dept. Of Environmental Quality-5301 Remediation Division-40

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$57,072)	FY04 \$0
FY05 (\$57,072)	FY05 \$0

PL- 83 - HWSC - Alternative Payplan Adjustment -

This is a reduction in operating and personal services costs to cover the increased personal services cost of the alternative payplan for the Hazardous Waste Site Cleanup Bureau.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$60,000)	FY04 \$0
FY05 (\$60,000)	FY05 \$0

PL- 84 - MWCB - Alternative Payplan Adjustment -

This is a reduction in operating costs to cover the increased personal services cost of the alternative payplan for the Mine Waste Cleanup Bureau.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$27,284)	FY04 \$0
FY05 (\$27,284)	FY05 \$0

PL- 85 - TSB - Alternative Payplan Adjustment -

This is a reduction in operating costs to cover the increased personal services cost of the alternative payplan for the Technical Services Bureau.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$12,276	FY04 \$0
FY05 \$17,381	FY05 \$0

PL- 86 - FAS - Base Adjustments -

The Fiscal and Administrative Services Bureau adjustments are for supplies, telephone charges, travel and training.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$26,462)	FY04 \$0
FY05 (\$26,462)	FY05 \$0

PL- 87 - FAS - Alternative Payplan Adjustment -

This is a reduction in personal services and operating costs to cover the increased personal services cost of the alternative pay plan for the Fiscal and Administrative Services Section.

----- **New Proposals** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$111,111	FY04 \$0
FY05 \$0	FY05 \$0

NP- 65 - HWSC - UST Fields Site Billings Cleanup - OTO -

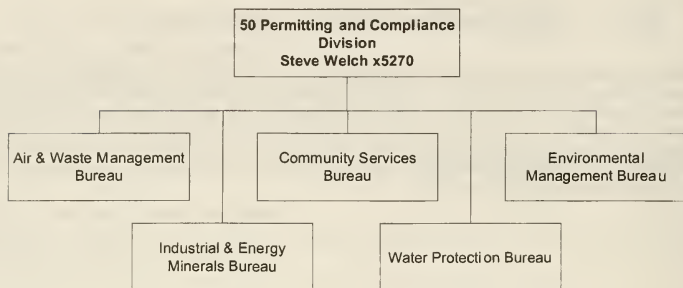
This pilot project would be for cleanup of multiple abandoned service stations along the 1st Avenue South corridor in Billings. The City of Billings and DEQ will be cooperative partners in this ongoing UST Fields project. Funding may be available in future years for other cities in Montana. This request is for biennial, restricted, one-time-only authority.

**Dept. Of Environmental Quality-5301
Remediation Division-40**

----- Other Legislation Required to Implement HB 2 -----

The executive and the department will prepare legislation for the \$9 million in general obligation bonds to be retired using the RIT Hazardous Waste CERCLA account. The EPA announced on October 24, 2002, that the Libby area officially made the top priority cleanup list and that work would be completed within three to four years. Nine months earlier, Governor Martz used Montana's one and only silver bullet to put the Libby community on a fast track to Superfund listing and saved more than a year in obtaining EPA approval. There will be about \$8 million of known state costs for the required Libby/Troy match, as of current projections. The other \$1 million of authority is for a contingency. See Section F for a more complete write up of this proposal.

Dept. Of Environmental Quality-5301 **Permitting & Compliance Div.-50**



Program Description - The Permitting and Compliance Division administers all DEQ permitting and compliance activities based on 25 state regulatory and five related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, in close coordination with Enforcement Division. Activities are organized in the Air & Waste Management Bureau (air, asbestos, hazardous waste); Community Services Bureau (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management Bureau (hard rock, facility siting); Industrial and Energy Minerals Bureau (coal, uranium, opencut); and Water Protection Bureau (subdivisions, water).

Program Indicators --

Indicator	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Permits	4,152	3,792	3,819	4,097	4,226	4,441
Inspections	2,599	3,066	3,158	3,212	3,276	3,280
Environmental Assessments	1,591	1,858	1,935	1,991	2,081	2,181
Bond Releases	248	272	351	328	342	345
Violations	2,922	3,108	2,788	3,009	2,012	3,015

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	159.70	6.00	(2.00)	163.70	6.00	(2.00)	163.70
Personal Services	6,241,775	1,434,109	(109,908)	7,565,976	1,433,021	(109,624)	7,565,172
Operating Expenses	14,103,255	32,646,165	(893,218)	45,856,202	(8,548,209)	106,572	5,661,618
Equipment	35,931	(23,592)	0	12,339	(23,592)	0	12,339
Grants	1,036,769	273,888	0	1,310,657	293,866	0	1,330,635
Total Costs	\$21,417,730	\$34,330,570	(\$1,003,126)	\$54,745,174	(\$6,844,914)	(\$3,052)	\$14,569,764
General Fund	1,155,004	52,454	(229,626)	977,832	50,916	(229,552)	976,368
State/Other Special	17,280,520	28,924,102	(923,500)	45,281,122	(8,312,692)	76,500	9,044,328
Federal Special	2,982,206	5,354,014	150,000	8,486,220	1,416,862	150,000	4,549,068
Total Funds	\$21,417,730	\$34,330,570	(\$1,003,126)	\$54,745,174	(\$6,844,914)	(\$3,052)	\$14,569,764

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$602,326)	FY04 (\$43,630)
FY05 (\$602,326)	FY05 (\$43,630)

PL- 18 - PCD Alternative Payplan Adjustments -

This base adjustment reflects the reduction in personal services and operating budgets to assist in paying for the increased costs of the alternative pay plan for the Permitting Division.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$9,926	FY04 \$0
FY05 \$9,926	FY05 \$0

PL- 19 - PCD Administration Base Adjustment -

Adjustments are required to restore FY 2002 authorized amounts in areas where increased expenditures are anticipated. This request is to re-establish the base budget for operating expenses for the administrative unit of the division in the following areas: management assistance, supplies, travel, training for administrative staff, and consultant services.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$20,800,000	FY04 \$0
FY05 (\$9,592,738)	FY05 \$0

PL- 21 - Bond Forfeitures/Settlements - Restricted -

All monies spent under this restricted biennial spending authority will be used for reclamation of mine sites and will be funded by various bond forfeitures or settlement agreements.

**Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,308	FY04	\$20,308
FY05	\$20,308	FY05	\$20,308

PL- 22 - MEPA Administration Base Adjustment -

Base adjustments include increases in printing, office supplies, postage, advertising, and travel for consultation work with potential EIS applicants prior to the actual EIS preparation and contracts. Other base adjustments include indirects and training for MEPA staff.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$548,421	FY04	\$0
FY05	(\$451,579)	FY05	\$0

PL- 23 - MEPA Projects Base Adjustment -

The base adjustment for the MEPA projects is to re-establish spending authority for consultant services necessary for assistance on EISs. The negative and positive adjustments are to establish the correct biennial appropriation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$86,688	FY04	\$0
FY05	\$86,553	FY05	\$0

PL- 24 - Air Budget Adjustments -

The Air Quality budget adjustments are for travel, supplies, communications, training and indirect charges due to vacancies. The program had several vacant FTEs in FY 2002; therefore, these expenditures were not representative of normal program operation. The program anticipates maintaining full staffing level in the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$23,594	FY04	\$0
FY05	\$23,977	FY05	\$0

PL- 25 - Hazardous Waste Base Adjustment -

The base adjustment is a reduction in computer purchases and an increase in indirect expenditures for full staffing.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,815	FY04	\$0
FY05	\$2,473	FY05	\$0

PL- 26 - Asbestos Budget Adjustments -

The Asbestos adjustments are to restore zero-based overtime and to provide increases in indirect charges.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$40,998	FY04	\$0
FY05	\$41,188	FY05	\$0

PL- 27 - Junk Vehicle Base Adjustment -

Adjustments are requested for overtime, legal fees, junk vehicle crushing, two computers, travel, training, and indirect costs.

Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$53,819	FY04	\$0
FY05	\$54,637	FY05	\$0

PL- 28 - PWSS Base Adjustment -

Due to extended program vacancies that occurred as a result of a non-competitive payplan and the inability to attract qualified applicants, the program expenditures were reduced. Adjustments include annualizing operating costs for these positions, restoring zero-based overtime, and correction of an accounting error.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$61,573	FY04	\$6,986
FY05	\$65,565	FY05	\$6,986

PL- 29 - Solid Waste Base Adjustment -

Three positions on the SWP staff were vacant for part of the base year and were filled to enable the program to meet its required objectives. The base adjustments are necessary for the program to provide increased and timely services to the regulated community and the general public.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$69,448	FY04	\$0
FY05	\$69,599	FY05	\$0

PL- 30 - Water/Waste Water Operator Cert Base Adjustment -

Base adjustments are requested for operating expenses and travel; included is a correction of a data entry error.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$95,264	FY04	\$3,207
FY05	\$84,536	FY05	\$0

PL- 31 - Hard Rock Base Adjustment -

Base adjustments are required to restore FY 2002 authorized amounts in areas where increased expenditures are anticipated, including a funding switch to accommodate the Governor's reduction, an increase in indirects, travel, lab work, printing, and vehicle maintenance.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$37,888)	FY04	(\$37,888)
FY05	(\$37,885)	FY05	(\$37,885)

PL- 32 - MFSA Administration Base Adjustment -

This request will fully fund the staff time, as deemed necessary by the department, to work on projects no longer covered by fees, but that are still regulated by law. Additionally, because of complaints and compliance issues at Colstrip, money is needed for lab analysis, travel and inspection supplies. Because this adjustment reduces the general fund support for personal services in the MFSA program by about \$54,000 each year, the increases are entirely offset and the result is a negative budget recommendation

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 33 - MFSA Projects Base Adjustment -

This request for restricted biennial spending authority is based on past projects, and the potential for future projects. All monies spent under this authority will be collected from MFSA fees.

Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,500,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 34 - Hard Rock Debt Service Base Adjustment -

This restricted biennial spending authority is requested to allow the department to spend funds raised through the sale of general obligation bonds authorized by SB 484 on reclamation of mine sites.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,000,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 35 - Hard Rock Federal Funds Base Adjustment -

All monies spent under this restricted biennial spending authority will be used for reclamation of mine sites and will be funded by various federal sources (USFS, BLM, EPA, COE).

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$160,214	FY04	\$0
FY05	\$163,370	FY05	\$0

PL- 36 - Coal Program Base Adjustment -

During the base year, the program experienced vacancies or extended family medical leave in four positions. Base adjustments are requested for supplies, travel for inspections, and indirects due to these vacancies and extended leave, a rent increase in the Billings office, and vehicle maintenance for aging vehicles. Contracted services are requested for permitting and compliance assistance, technical assistance, and costs associated with contested enforcement actions. Funding for the adjustment as well as for the entire adjusted base would be at 80 percent federal, 20 percent RIT.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,049	FY04	(\$18,012)
FY05	\$33,061	FY05	(\$17,410)

PL- 37 - Opencut Program Base Adjustment -

Adjustments are requested for overtime restoration, microfilming, work study, temporary services, professional expertise in hydrology, wildlife, and possibly for those areas of projects which are out of the normal experience of the staff, communications, increased use of motor pool lease vehicles, and indirects. This adjustment replaces general fund with state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$261,264	FY04	\$0
FY05	\$266,295	FY05	\$0

PL- 38 - Subdivisions Base Adjustment -

This base adjustment addresses both program costs and costs to reimburse counties for subdivision reviews. Adjustments are requested as follows: overtime commensurate with current overtime costs, increases in supplies, communications, and travel due to vacancies, and restoration of costs of paying counties for their reviews. The 2001 Legislative changes to the Sanitation in Subdivisions Act included new authority for counties to review major subdivisions. Over time, as counties gain expertise, the amount and types of reviews conducted by counties are increasing.

Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$47,132	FY04	\$4,031
FY05	\$55,205	FY05	\$4,677

PL- 39 - Water Permits Base Adjustment -

The base adjustment addresses program costs due to vacancies and spending patterns. The 2001 Legislature authorized four new positions for the permitting programs. Due to the need to raise fees through rule-making, the programs delayed hiring of the FTE. The bureau is requesting that the base budget be restored/maintained for full FTE expenses and operating costs including indirects, computers, insurance, travel, and overtime. Major efforts will be ongoing to develop the Storm Water Phase II program and to attack the existing heavy permit workload.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$44,185	FY04	\$0
FY05	\$45,906	FY05	\$0

PL- 40 - Re-establish 1.00 FTE-CSB -

This request is to re-establish 1.00 FTE deleted from the base budget during the 2001 Legislature due to being vacant. This position has been reprioritized and will be utilized for 1.00 FTE bureau fiscal coordinator position that will coordinate and unify fiscal activity within the bureau as well as an administrative support staff coordinator. The funding for the diverse programs in the Community Services Bureau is very complex. Sources of funding include: general fund, various licensing and service fees for the different programs, numerous federal grants and set-asides, and recycling revenues. The proposed fiscal coordinator position would reduce the time necessary for managers to track and monitor budgets and fiscal status of the various programs and coordinate fiscal and support activities between different programs. As a result, the managers would be better able to focus on managing the goals and objectives of the programs.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$240,000	FY04	\$0
FY05	\$240,000	FY05	\$0

PL- 42 - Safe Drinking Water Act -

This present law adjustment requests spending authority for additional federal and state revolving funds to implement the federal Safe Drinking Water Act. This request proposes to increase program staffing by 3.00 FTE to implement the new rules and regulations and to provide assistance and technical advice to water system owners and operators implementing the requirements. One FTE would be placed in each of the department's field offices (Kalispell and Billings) and one in the Helena office. The request includes all costs for the new FTEs and increased expenditures for contracted services to provide on-site technical assistance and training for system operators. The increases would be funded with the Drinking Water SRF federal grant.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$64,145	FY04	\$21,168
FY05	\$60,236	FY05	\$19,878

PL- 45 - Restore OTO - Asbestos Compliance -

This request is to continue 1.00 FTE asbestos compliance specialist to address noncompliance concerns and increased workload. The program's ability to conduct field inspections has been limited by an increased workload due to an expanded public awareness of the dangers of asbestos. An unacceptable number of unpermitted asbestos abatement projects go undetected because of the limited field presence. This is not a new proposal because it is an ongoing responsibility required by law.

Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$90,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 46 - Restore OTO - Haz Waste Biennial -

This request is to re-establish the current biennium hazardous waste authority for contracted technical assistance for the review of a new hazardous waste permit application and ongoing permit and corrective action activities.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,000	FY04	\$0
FY05	\$35,000	FY05	\$0

PL- 47 - PLBA Water, Wastewater Exams -

As a part of the Operator Certification Program approval by EPA, it is necessary for the exams and study material used to certify operators of public water and wastewater systems be regularly updated to include the latest regulations and techniques. Continual updating of these materials will be necessary in the future. This expenditure request proposes to provide spending authority to contract with professional services to update the exams and study guides. Funding would be obtained from Drinking Water SRF set-aside grants and operator certification fees.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$487,391	FY04	\$0
FY05	\$537,391	FY05	\$0

PL- 48 - PLBA Operator Reimbursement Implementation -

Base adjustments are requested for operating expenses in other services, supplies, communications, travel, and other expenses. Final program and grant approval and award by EPA for this program were not received until late in the base year. Therefore, it was not possible to implement the program in time for a full year of operation and expenditures. Now that the grant award has been received, the program is able begin full operations and reimbursement of training and certification costs for water and wastewater operators.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$113,888	FY04	\$0
FY05	\$133,866	FY05	\$0

PL- 50 - Restore OTO - Junk Vehicle Grants to Counties -

Historically, the number of vehicles registered in Montana increases approximately 1.2 percent annually. Based on those increases, the grant funding to the counties would need to be increased by that amount. It is recommended that this spending authority no longer be classified as one-time-only.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$172,230	FY04	\$0
FY05	\$172,230	FY05	\$0

PL- 51 - Restore OTO - Abandoned Vehicle Reimbursements -

This is an on-going program expenditure for the Abandoned Vehicle Reimbursement Program to meet the \$0.15 set aside mandated by HB 124 in the last session, and, therefore, we are also requesting that this spending authority no longer be classified as one-time-only.

Dept. Of Environmental Quality-5301 **Permitting & Compliance Div.-50**

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$50,000	FY04 \$0
FY05	\$50,000	FY05 \$0

PL- 69 - Restore OTO - Waste Management Database -

The conversion of the Waste Management Section database from AREV to an Oracle-based system was undertaken in the current biennium. It is anticipated that an additional \$50,000 each year of the next biennium will be needed for database modification, integration and maintenance.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$148,862	FY04 \$0
FY05	\$148,861	FY05 \$0

PL- 70 - PCD Database Maintenance Contracts -

This request is for database maintenance and enhancements for the recently developed enterprise-wide databases within the Permitting Division. The following permitting programs have or are currently updating their databases to an Oracle-based system: Air, Hazardous Waste, Asbestos, Hard Rock Mining, Coal Mining, Opencut Mining, Subdivision, Water Discharge Permitting, and Public Water Supply. The programs are experiencing increasing demands from our federal counterparts and the public for environmental data. Ongoing database enhancement would allow the division to satisfy those demands.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$45,378	FY04 \$2,269
FY05	\$45,260	FY05 \$2,263

PL- 78 - Re-establish 1.00 FTE -

This request is to re-establish 1.00 FTE deleted from the base budget by the 2001 Legislature due to being vacant. The position has been reprioritized and will be utilized in the following 3 ways: (1) Increase position 00570 from 0.75 FTE to 1.00 FTE administrative support to the Public Water Supply Section, (2) Increase position 00146 from 0.50 FTE to 0.75 FTE administrative support to the Industrial and Energy Minerals Bureau, and (3) Create 0.50 FTE in the Air and Waste Management Bureau to meet the demand for providing assistance to energy facilities in the preparation and submittal of air quality permit applications and for the issuance of those permits.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$46,623)	FY04 \$0
FY05	(\$46,626)	FY05 \$0

PL- 80 - Budget Amendment Adjustments -

This recommendation is necessary to correct an error. The expenditures that were current level expenditures have been requested elsewhere.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$150,000	FY04 \$0
FY05	\$150,000	FY05 \$0

NP- 59 - NP-Homeland Security, Water System Security -

This request proposes to provide 1.00 FTE to work directly with water system operators to assess system vulnerability and to establish contracts for technical assistance and training for the facility owners and operators. Efforts to improve homeland security nationally have created a significant need to provide assistance and training to public water supply owners and operators in assessing and implementing measures to protect their drinking water sources. The U.S. Congress has proposed several different funding and grant appropriations to allow states to assist communities in protecting their systems.

Dept. Of Environmental Quality-5301
Permitting & Compliance Div.-50

Total Agency Impact

FY04 (\$1,153,126)

FY05 (\$153,052)

General Fund Total

FY04 (\$153,126)

FY05 (\$153,052)

NP- 201 - 50 Move MEPA to Program 10 -

This is an agency reorganization to move the MEPA program from Permitting & Compliance in Program 50 to Centralized Services Program 10 and to reduce expenditures.

Total Agency Impact

FY04 \$0

FY05 \$0

General Fund Total

FY04 (\$40,000)

FY05 (\$40,000)

NP- 7029 - Solid Waste General Fund Reduction -

The purpose of this adjustment is to reduce the Solid Waste general fund by \$40,000 in each year of the biennium to meet the target and to replace it with a like amount of junk vehicles state special revenue.

Total Agency Impact

FY04 \$0

FY05 \$0

General Fund Total

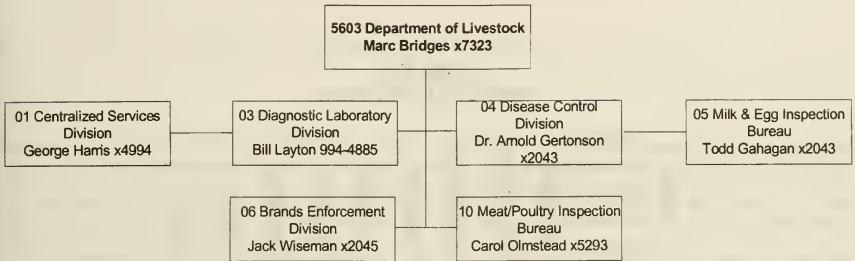
FY04 (\$36,500)

FY05 (\$36,500)

NP- 7039 - Water Permits Funding Adjustments -

This adjustment reduces general fund spending authority and increases groundwater permit fees state special revenue authority by \$36,500 each year.

Department Of Livestock-5603



Mission Statement - To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and to protect the livestock industry from theft and predatory animals.

Statutory Authority - Title 81, MCA

Reorganization - The 2001 Legislature placed the Board of Horse Racing from the Department of Commerce reorganization in the Department of Livestock. The Board of Livestock placed the Board of Horse Racing in the Centralized Services Division for the 2003 biennium. The Executive Secretary to the Board of Horse Racing reports to the Executive Officer of the Board of Livestock.

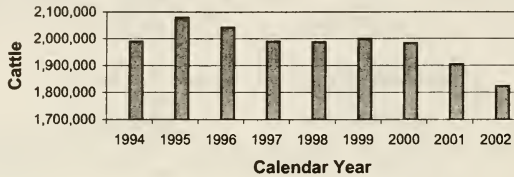
During the 2003 biennium, the Board of Livestock authorized transferring the Milk Control Bureau and the Predator Control Program to the Centralized Services Division (program 01). This reorganization transferred these functions without reducing services to the livestock industry. For budgeting purposes program 37 and program 8 no longer exist as separate programs.

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	139.49	5.00	1.00	145.49	5.00	1.00	145.49
Personal Services	5,321,854	553,700	33,817	5,909,371	553,956	33,745	5,909,555
Operating Expenses	2,069,914	903,530	15,060	2,988,504	911,179	15,060	2,996,153
Equipment	277,408	33,573	0	310,981	(43,027)	0	234,381
Total Costs	\$7,669,176	\$1,490,803	\$48,877	\$9,208,856	\$1,422,108	\$48,805	\$9,140,089
General Fund	521,689	(14,522)	20,938	528,105	(10,973)	20,902	531,618
State/Other Special	6,622,614	482,251	0	7,104,865	406,458	0	7,029,072
Federal Special	524,873	1,023,074	27,939	1,575,886	1,026,623	27,903	1,579,399
Total Funds	\$7,669,176	\$1,490,803	\$48,877	\$9,208,856	\$1,422,108	\$48,805	\$9,140,089

----- Agency General Fund Target - \$1.06 million -----

Department Of Livestock-5603

Table C-2
Head Count Comparison



The drought continues to cause a decline in cattle numbers, which means less revenue for ranchers and for the department operating budget.

Department Of Livestock-5603 Centralized Services Program-01

**01 Centralizes Services
Division
George Harris x4994**

Program Description - The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, information technology, and general services functions for the department. The staff attorney in this division provides legal services to the department. The division also provides the overall management of the Milk Control Bureau. The Board of Livestock and the executive officer administer the Predator Control Program. Although the board placed this program in the division during the 2003 biennium, all functions remain unchanged, including the two aircraft and the contract with the U.S. Department of Agriculture Wildlife Services. Through helicopter hunting and contracts, predators that kill or injure domestic livestock, primarily coyotes, are controlled.

The Livestock Crimestoppers' Commission and the Beef Research and Marketing Committee are administratively attached. The 57th Legislature moved the Board of Horse Racing to the Department of Livestock. This board and its staff report directly to the executive officer.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	23.28	0.00	0.00	23.28	0.00	0.00	23.28
Personal Services	907,277	92,510	0	999,787	91,216	0	998,493
Operating Expenses	992,274	112,356	0	1,104,630	102,084	0	1,094,358
Equipment	82,326	(68,326)	0	14,000	(68,326)	0	14,000
Total Costs	\$1,981,877	\$136,540	\$0	\$2,118,417	\$124,974	\$0	\$2,106,851
General Fund	14,204	(14,204)	0	0	(14,204)	0	0
State/Other Special	1,875,111	178,276	0	2,053,387	166,710	0	2,041,821
Federal Special	92,562	(27,532)	0	65,030	(27,532)	0	65,030
Total Funds	\$1,981,877	\$136,540	\$0	\$2,118,417	\$124,974	\$0	\$2,106,851

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$14,000	FY04 \$0
FY05 \$14,000	FY05 \$0

PL- 6 - Computer Server Replacements -

The department has four servers, two at the Lab in Bozeman, one for Oracle and one for file, print and web services, and two in the Helena office for the same purposes. The replacement cycle of every four years means that two are being requested in the 2005 biennium.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$10,250	FY04 \$0
FY05 \$10,250	FY05 \$0

PL- 11 - Board Per Diem -

Zero-based per diem for the Board of Livestock, the Board of Horse Racing and the Milk Control Board is restored.

Department Of Livestock-5603 Centralized Services Program-01

Total Agency Impact

FY04	(\$56,120)
FY05	(\$55,670)

General Fund Total

FY04	\$0
FY05	\$0

PL- 12 - I. T. Minor Equipment and Software -

The agency information technology budget decreases from the base year expenditures of \$108,370 to \$64,860 in FY 2004 and \$65,310 in FY 2005. The reasons for the reduction are 1) a reduction in the cost of hardware, 2) board reductions in hardware, and 3) the hardware start-up costs at the lab for the Lab Information Management System are not carried forward into either year.

Total Agency Impact

FY04	\$4,731
FY05	\$4,731

General Fund Total

FY04	\$0
FY05	\$0

PL- 13 - Out-of-State Travel -

The Board of Livestock expects representation of the state at meetings, conferences and training vital to the livestock industry. Travel is for board members, the executive officer, and authorized staff. The board has authorized attendance at the following: NCBA (National Cattlemen Beef Association), ILIA (International Livestock Investigation Association), ASIA (American Sheep Industry Association), LIA (Livestock Identification Association), NL (Northwest Livestock), USAHA (United States Animal Health Association), IAMCA (International Association of Milk Control Agency) AALA (American Agricultural Law Association), and a specialized training for IT staff to maintain department systems.

Total Agency Impact

FY04	\$6,311
FY05	\$6,435

General Fund Total

FY04	\$0
FY05	\$0

PL- 18 - Board Horse Racing Bldg. Rent -

Although the Board of Horse Racing was transferred to the department last legislative session as part of the Department of Commerce reorganization, the transfer did not include rent for location in the old federal building.

Total Agency Impact

FY04	\$4,437
FY05	\$4,561

General Fund Total

FY04	\$0
FY05	\$0

PL- 19 - Board of Horse Racing In-State Lodging -

A recent change in state lodging policy for in-state travel has increased costs for the Board of Horse Racing by 51 percent.

Department Of Livestock-5603 Diagnostic Laboratory-03

**03 Diagnostic Laboratory
Division
Bill Layton 994-4885**

Program Description - The Diagnostic Laboratory provides livestock laboratory diagnostic support for the Disease Control Program, Milk and Egg program, and livestock producers. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks and other agencies in protecting the health of animals and wildlife.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	21.00	0.00	0.00	21.00	0.00	0.00	21.00
Personal Services	872,496	73,539	0	946,035	73,341	0	945,837
Operating Expenses	441,829	178	0	442,007	7,573	0	449,402
Equipment	19,239	42,261	0	61,500	17,661	0	36,900
Total Costs	\$1,333,564	\$115,978	\$0	\$1,449,542	\$98,575	\$0	\$1,432,139
General Fund	109,381	(9,856)	0	99,525	(9,856)	0	99,525
State/Other Special	1,214,943	135,074	0	1,350,017	117,671	0	1,332,614
Federal Special	9,240	(9,240)	0	0	(9,240)	0	0
Total Funds	\$1,333,564	\$115,978	\$0	\$1,449,542	\$98,575	\$0	\$1,432,139

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$32,405	FY04	(\$9,856)
FY05	\$7,805	FY05	(\$9,856)

PL- 4 - Lab Equipment and Operating Adjustments -

The lab is certified by the American Association of Veterinary Laboratory Diagnosticians and has a staff of veterinarian pathologist, microbiologist, and other professional, technical and support personnel. The lab has essential equipment that must be replaced including a Fossmatic 2080 Semiautomatic Somatic Cell Counter and a two-chambered Carbon Dioxide Incubator. The base expenditure for laboratory equipment is being reduced to equal the total equipment request of \$61,500 in FY 2004 and \$36,900 in FY 2005 that was authorized by the Board of Livestock. Since office equipment is not being requested, the base year expenditure of \$9,240 is also removed from FY 2004 and FY 2005. And included in the operating reductions are \$9,856 each year that represent continuation of the Governor's reduction from FY 2003.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$7,324	FY04	\$0
FY05	\$14,046	FY05	\$0

PL- 15 - Lab - MSU Facility Recharges -

The lab occupies 13,179 sq. ft. at the Marsh Laboratory located on the MSU campus. MSU facility management recharges the department for utilities, operating costs and related personal services costs for the maintenance and repair of the building. In the base year, the department paid a total of \$61,869 in actual recharges to MSU. The recharges increase to \$69,193 in FY 2004 and to \$75,915 in FY 2005.

Department Of Livestock-5603 Animal Health Division-04

**04 Animal Health Division
Dr. Arnold Gertonson
x2043**

Program Description - The Animal Health Program provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and game farm animals. The program cooperates with the Departments of Public Health and Human Services, Fish, Wildlife and Parks, and Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects public health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through eradication of skunks.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	13.00	5.00	0.00	18.00	5.00	0.00	18.00
Personal Services	462,131	285,309	0	747,440	284,078	0	746,209
Operating Expenses	109,535	772,490	0	882,025	773,740	0	883,275
Equipment	24,251	76,749	0	101,000	50,749	0	75,000
Total Costs	\$595,917	\$1,134,548	\$0	\$1,730,465	\$1,108,567	\$0	\$1,704,484
State/Other Special	595,917	84,548	0	680,465	58,567	0	654,484
Federal Special	0	1,050,000	0	1,050,000	1,050,000	0	1,050,000
Total Funds	\$595,917	\$1,134,548	\$0	\$1,730,465	\$1,108,567	\$0	\$1,704,484

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$994,871	FY04 align="right">\$0
FY05	\$994,996	FY05 align="right">\$0

PL - 1 - Restore OTO Brucellosis Management -

The cooperative agreement with USDA/APHIS will continue in FY 2004 and FY 2005, providing more than \$750,000 federal funds each fiscal year to implement the Interagency Bison Management Plan and to prevent the introduction of brucellosis into the state by brucellosis-infected bison from Yellowstone National Park. There are 5.00 FTE continued with the grant funds. In addition, there is \$150,000 federal funds each year for Montana's participation in the Greater Yellowstone Interagency Committee. It is recommended the OTO designation not be continued.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$5,000	FY04 align="right">\$0
FY05	\$5,000	FY05 align="right">\$0

PL - 3 - Restore OTO for Disease Outbreak -

Because of tight fiscal times, the board is authorizing \$5,000 each fiscal year to restore a small portion of the one-time-only \$177,823 state special authority approved by the last Legislature for use in the event a disease outbreak required immediate attention. Diseases can include brucellosis, CWD, anthrax and numerous other diseases that directly affect Montanans. It is the intent of the board to restore the disease outbreak contingency when economically possible.

Department Of Livestock-5603
Animal Health Division-04

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,749	FY04	\$0
FY05	(\$24,251)	FY05	\$0

PL- 8 - Vehicle Replacement -

One 4x4 extended cab pickup that is used often by a district investigator and will have 125,000 miles in FY 2004 will be replaced. The reduction in FY 2005 is due to postponing purchase of another vehicle and extending the replacement schedule.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,595	FY04	\$0
FY05	\$3,595	FY05	\$0

PL- 20 - Out-of-State Travel -

The Board of Livestock authorizes out-of-state travel based upon livestock industry business meetings and conferences that they deem important for state representation. Those approved by the board will require an increase of \$3,595 per year above the base budget.

Department Of Livestock-5603

Milk & Egg Program-05

05 Milk & Egg
Inspection Bureau
Todd Gahagan x2043

Program Description - The Milk and Egg Inspection program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00
Personal Services	222,070	(16,733)	0	205,337	(16,326)	0	205,744
Operating Expenses	26,313	3,788	7,000	37,101	4,158	7,000	37,471
Equipment	19,917	(19,917)	0	0	6,083	0	26,000
Total Costs	\$268,300	(\$32,862)	\$7,000	\$242,438	(\$6,085)	\$7,000	\$269,215
State/Other Special	243,025	(32,862)	0	210,163	(6,085)	0	236,940
Federal Special	25,275	0	7,000	32,275	0	7,000	32,275
Total Funds	\$268,300	(\$32,862)	\$7,000	\$242,438	(\$6,085)	\$7,000	\$269,215

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$19,917)	FY04 \$0
FY05 \$6,083	FY05 \$0

PL- 9 - Vehicle Replacement - Milk and Egg Inspection -

A replacement vehicle is necessary in FY 2005 for safe inspections.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,970	FY04 \$0
FY05 \$2,970	FY05 \$0

PL- 21 - Out-of-State Travel for Milk & Egg Inspection -

The federal and state requirements for the safe public consumption of milk and eggs are extensive and require continual training. The board has authorized two sanitarians to attend the Annual Milk Rating Officer Seminar and one to attend the Interstate Milk Shippers Conference.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$7,000	FY04 \$0
FY05 \$7,000	FY05 \$0

NP- 10 - Shell Egg Increase -

There will be \$7,000 additional federal funds each year for a sample of plants to participate in a Hazard Analysis of Critical Control Points.

Department Of Livestock-5603 **Brands Enforcement Division-06**

06 Brands Enforcement Division Jack Wiseman x2045

Program Description - The Brands Enforcement Division is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and beef inspections.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	61.71	0.00	0.00	61.71	0.00	0.00	61.71
Personal Services	2,254,715	97,259	0	2,351,974	98,833	0	2,353,548
Operating Expenses	305,437	12,466	0	317,903	15,272	0	320,709
Equipment	131,675	2,806	0	134,481	(49,194)	0	82,481
Total Costs	\$2,691,827	\$112,531	\$0	\$2,804,358	\$64,911	\$0	\$2,756,738
State/Other Special	2,691,827	112,531	0	2,804,358	64,911	0	2,756,738
Total Funds	\$2,691,827	\$112,531	\$0	\$2,804,358	\$64,911	\$0	\$2,756,738

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,806	FY04 \$0
FY05 (\$49,194)	FY05 \$0

PL- 7 - Brands Enforcement Replacement Vehicles -

In the next biennium, the brands enforcement division needs to replace five trucks in FY 2004 and three trucks in FY 2005 that will exceed 125,000 miles each. The replacement cost of the vehicles is \$26,000 each.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,296	FY04 \$0
FY05 \$2,296	FY05 \$0

PL- 22 - Out-of-State Travel - Brands -

The Board of Livestock has authorized out-of-state travel in the Brand Enforcement Division where it is essential to maintain investigation knowledge skills and ability. This is the department's largest division with 61.71 FTE.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$103,007	FY04 \$0
FY05 \$103,007	FY05 \$0

PL- 23 - Overtime - Brands Division -

Forty-six inspectors must work overtime for livestock auction markets and other enforcement work. It is recommended that the zero-based overtime be restored.

Department Of Livestock-5603 **Meat/poultry Inspection-10**

**10 Meat/Poultry Inspection
Bureau**
Carol Olmstead x5293

Program Description - The Meat and Poultry Inspection Program was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	16.50	0.00	1.00	17.50	0.00	1.00	17.50
Personal Services	603,165	21,816	33,817	658,798	22,814	33,745	659,724
Operating Expenses	194,526	2,252	8,060	204,838	8,352	8,060	210,938
Total Costs	\$797,691	\$24,068	\$41,877	\$863,636	\$31,166	\$41,805	\$870,662
General Fund	398,104	9,538	20,938	428,580	13,087	20,902	432,093
State/Other Special	1,791	4,684	0	6,475	4,684	0	6,475
Federal Special	397,796	9,846	20,939	428,581	13,395	20,903	432,094
Total Funds	\$797,691	\$24,068	\$41,877	\$863,636	\$31,166	\$41,805	\$870,662

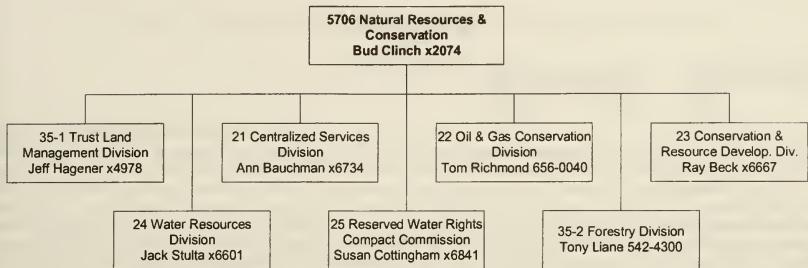
----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$41,877	FY04	\$20,938
FY05	\$41,805	FY05	\$20,902

NP- 5 - Additional Meat Inspector -

During the current biennium, the Department of Agriculture Growth Through Agriculture provided a grant to match the increased 50 percent federal funding to inspect new meat slaughter and/or processing plants throughout the state. Inspection is ongoing for 11 of the 20 new plants and the nine remaining plants will be eligible for inspection when facility sanitation standards are met. Because of budget reductions, the state agriculture grant is not sustainable in the 2005 biennium. Small wholesale meat and poultry businesses are a growing business sector and of economic importance to the state. They support their communities economically, employ people, pay taxes at the local and state level and add value to Montana's livestock and poultry industry. There is 1.00 FTE meat inspector and related operating in the request which will continue the inspections from the 2003 biennium.

Dept Nat Resource/Conservation-5706



Mission Statement - To ensure Montana's land and water resources provide benefits for present and future generations.

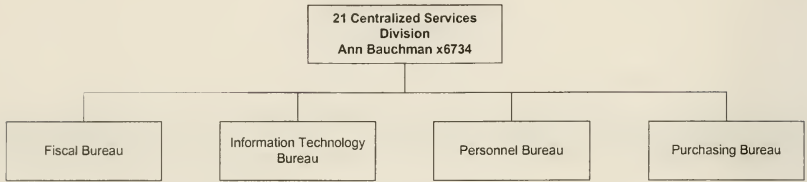
Statutory Authority - 2-15-104 and Title 2, chapter 15, part 33, MCA.

Language -- "Item 2 includes a total of \$98,310 for the 2005 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated"

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	492.36	0.50	(4.60)	488.26	0.50	(4.60)	488.26
Personal Services	19,627,098	3,067,156	(263,784)	22,430,470	3,119,121	(263,532)	22,482,687
Operating Expenses	9,593,883	2,629,848	434,517	12,658,248	214,924	235,897	10,044,704
Equipment	783,169	(34,504)	61,000	809,665	(34,554)	0	748,615
Capital Outlay	454	0	0	454	0	0	454
Local Assistance	213,373	0	0	213,373	0	0	213,373
Grants	895,365	(302,154)	0	593,211	(310,961)	0	584,404
Benefits & Claims	500,000	500,000	0	1,000,000	500,000	0	1,000,000
Transfers	389,169	9,170	0	398,339	9,170	0	398,339
Debt Service	503,305	81,089	0	584,394	81,089	0	584,394
Total Costs	\$32,505,816	\$5,950,605	\$231,733	\$38,688,154	\$3,578,789	(\$27,635)	\$36,056,970
General Fund	16,205,128	2,187,075	(539,716)	17,852,550	2,222,599	(533,859)	17,893,868
State/Other Special	14,617,396	3,604,530	666,574	18,888,500	1,260,760	419,649	16,297,805
Federal Special	1,683,292	159,000	104,875	1,947,167	95,430	86,575	1,865,297
Total Funds	\$32,505,816	\$5,950,605	\$231,733	\$38,688,154	\$3,578,789	(\$27,635)	\$36,056,970

----- Agency General Fund Target - \$35.746 million -----

Dept Nat Resource/Conservation-5706 Centralized Services-21



Program Description - The Centralized Services Division provides managerial and administrative support services to the department through: 1) the Director's Office, which includes the director, legal staff, and public information; and 2) support services, which manages all financial activities, coordinates information systems, produces publications and graphic materials, and performs general administrative support services. Support services include fiscal affairs, data processing, personnel, legal, reception, and mail. Responsibilities include trust revenue collection and distribution and maintenance of ownership records for trust and non-trust state-owned land.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	41.00	0.00	(3.00)	38.00	0.00	(3.00)	38.00
Personal Services	1,644,545	338,665	(134,685)	1,848,525	339,354	(134,400)	1,849,499
Operating Expenses	586,180	(2,646)	18,300	601,834	(79,402)	0	506,778
Debt Service	257	0	0	257	0	0	257
Total Costs	\$2,230,982	\$336,019	(\$116,385)	\$2,450,616	\$259,952	(\$134,400)	\$2,356,534
General Fund	1,700,915	358,886	(134,685)	1,925,116	307,819	(134,400)	1,874,334
State/Other Special	425,067	(17,867)	0	407,200	(17,867)	0	407,200
Federal Special	105,000	(5,000)	18,300	118,300	(30,000)	0	75,000
Total Funds	\$2,230,982	\$336,019	(\$116,385)	\$2,450,616	\$259,952	(\$134,400)	\$2,356,534

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$44,834)	FY04 (\$21,034)
FY05 (\$33,914)	FY05 (\$10,114)

PL- 5 - CSD Operating -

An operating adjustment is needed for rent as the DNRC office is located in a non-state building and rent is not shown as a fixed cost within the schedules. The increase is based on a contractual agreement through FY 2005 for the USF&G building in Helena. The increase is offset by continuing the Governor's and the special session reductions.

**Dept Nat Resource/Conservation-5706
Centralized Services-21**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$18,300	FY04	\$0
FY05	\$0	FY05	\$0

NP- 22 - Re-wiring USF&G Building – OTO -

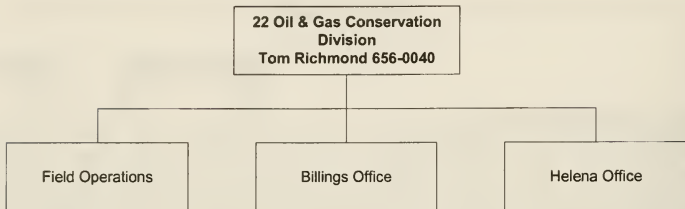
DNRC headquarters is located in the USF&G building in Helena. The basement of the USF&G building houses the Reserved Water Rights Compact Commission, the Conservation and Resource Development Division, the Oil and Gas Division, and the Centralized Services Division Information Technology Bureau. Nearly all the data network wiring in the basement is sub-standard Category 3 wiring. This type of wiring works for slow (10MBs) data transmission but is incapable of high-speed transmission (100MBs). It is imperative that DNRC staff at this site be able to take advantage of new information technology in order to better serve the department and the citizens of Montana. The Category 3 wiring in the basement of the USF&G building prevents headquarters staff from moving to high-speed data transmission. Rewiring the 60 network wall jacks will cost \$18,300. This is a one-time-only request.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$134,685)	FY04	(\$134,685)
FY05	(\$134,400)	FY05	(\$134,400)

NP- 7020 - Reduction to Meet Target -

Eliminate three positions: the deputy director, a receptionist, and an information support technician. The information support technician position was left unfilled as part of the Governor's reductions. Included also are \$60,000 of reductions each year of the biennium for the transition to the alternative payplan.

**Dept Nat Resource/Conservation-5706
Oil & Gas Conservation Div.-22**



Program Description - The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; 7) determines incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects; 8) operates the underground injection control program; 9) plugs orphan wells; and 10) collects and maintains complete well data and production information.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Drilling Permits Issued	480	694	685	700	1000	1300
Wells Completed	417	501	443	500	730	950
Oil Production (in million Bbls)	14.8	16.27	15.99	15.5	15.03	14.6
Gas Production (in million MCF)	63.4	81.86	85.0	83.3	89.6	97.6

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.50	0.00	3.00	20.50	0.00	3.00	20.50
Personal Services	723,801	97,760	127,006	948,567	118,051	126,769	968,621
Operating Expenses	280,240	66,634	304,290	651,164	68,502	110,290	459,032
Equipment	22,314	2,686	61,000	86,000	2,686	0	25,000
Total Costs	\$1,026,355	\$167,080	\$492,296	\$1,685,731	\$189,239	\$237,059	\$1,452,653
State/Other Special	922,411	271,024	492,296	1,685,731	293,183	237,059	1,452,653
Federal Special	103,944	(103,944)	0	0	(103,944)	0	0
Total Funds	\$1,026,355	\$167,080	\$492,296	\$1,685,731	\$189,239	\$237,059	\$1,452,653

Dept Nat Resource/Conservation-5706
Oil & Gas Conservation Div.-22

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$89,186	FY04	\$0
FY05	\$104,443	FY05	\$0

PL- 3 - Oil & Gas Operating Adjustment -

Operating adjustments include restoration of the zero-based board per diem and overtime, annualization of legal services, janitorial and database contracts, and the increase over base equipment to replace a new field inspector truck each year.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$162,296	FY04	\$0
FY05	\$137,059	FY05	\$0

NP- 8 - Re-Establish FTE -

Restoration of 3.00 FTE is necessary for workload increases associated with coal bed methane and increased industry activity. Requested is 1.00 FTE environmental coordinator to do environmental assessments on all drilling permits (the number of drilling permits processed has doubled from last biennium and coal bed methane permitting is expected to begin again and in earnest in the 2005 biennium) and 2.00 FTE field inspectors who will be assigned to both coal bed methane and general regulatory activities. These positions have been budgeted in the past, but were being held vacant during the last session due to the industry downturn and to meet vacancy savings, and thus were deleted in the Cobb amendment.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$30,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 23 - Heating System Replacement-OTO -

The heating, ventilation and air conditioning system in the Billings office needs to be replaced with one-time-only authority.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$0	FY05	\$0

NP- 51 - Coal Bed Methane Impounded Produced Water Study -

This proposal provides a biennial appropriation of funds to study the potential effects of long-term disposal of produced coal bed methane (cbm) water by infiltration ponds and the design criteria appropriate for construction, monitoring and operation of such impoundments permitted by the Board of Oil & Gas Conservation. Due to significant controversy over direct discharge of produced cbm water, impoundment and infiltration may be one of the few cost-effective produced water disposal methods remaining to industry. The board has applied for an additional \$200,000 for the project through the DNRC Reclamation and Development Grant program. The project will use the services of an experienced environmental/engineering consultant to develop a project plan, construct monitoring wells, analyze data and assist the board in developing rules and regulations for the construction and operation of infiltration ponds.

Dept Nat Resource/Conservation-5706
Oil & Gas Conservation Div.-22

Total Agency Impact

FY04	\$100,000
FY05	\$100,000

General Fund Total

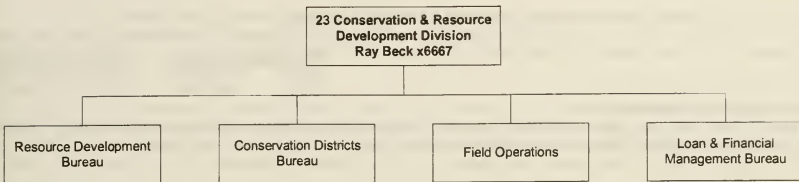
FY04	\$0
FY05	\$0

NP- 52 - Historical Data Acquisition Project -

This proposal provides funds for an on-going project to acquire and maintain historical oil and gas data, well logs and field information and place this data into electronically-retrievable formats to support both industry and regulatory agency activity. At the onset of the project, the division will utilize contractors and purchase imaging hardware/software to retrieve, image, and key historical data and store it electronically. After pre-1990 data is complete, existing staff and temporary employees will be used to bring the imaging, keying, and storing of data current and maintain it. Depending on how far the contractor gets in the 2005 biennium, it may be necessary to request one or more modified FTE to begin on the more current aspects of the project.

Language Recommendations - "The department is authorized to decrease state special revenue money in the underground injection control program and increase federal special revenue money by a like amount when the amount of federal EPA funds available for the program becomes known. Any federal special revenue is to be spent before state special revenue."

Dept Nat Resource/Conservation-5706 **Conservation/Resource Dev Div-23**



Program Description - The Conservation and Resource Development Division provides technical, administrative, financial and legal assistance to Montana's 58 conservation districts by administering the Conservation District Act, Montana Rangeland Resources Act and the Natural Streambed and Land Preservation Act. The division also manages several loan and grant programs for local communities, local governments, state agencies and private citizens. The programs include the state revolving fund, which currently includes \$150 million loaned to communities for water and waste water systems, coal severance tax loans to governmental entities totaling \$45 million and private loans for \$16.5 million. Grant programs administered by the division include the Reclamation Development, Renewable Resource, and Conservation District grant programs.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Grants provided to communities (in millions)	\$3.5	\$3.5	\$3.5	\$3.5	\$3.6	\$3.6
Loans provided to communities (in millions)	\$135	\$146	\$200	\$210	\$220	\$225

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	22.00	0.50	(1.00)	21.50	0.50	(1.00)	21.50
Personal Services	1,035,489	130,895	(48,810)	1,117,574	133,834	(48,730)	1,120,593
Operating Expenses	822,712	68,897	0	891,609	(4,527)	0	818,185
Equipment	52,259	0	0	52,259	0	0	52,259
Local Assistance	213,373	0	0	213,373	0	0	213,373
Grants	895,365	(302,154)	0	593,211	(310,961)	0	584,404
Benefits & Claims	500,000	500,000	0	1,000,000	500,000	0	1,000,000
Total Costs	\$3,519,198	\$397,638	(\$48,810)	\$3,868,026	\$318,346	(\$48,730)	\$3,788,814
General Fund	1,853,238	530,733	(48,810)	2,335,161	534,956	(48,730)	2,339,464
State/Other Special	1,488,252	(155,944)	0	1,332,308	(257,716)	0	1,230,536
Federal Special	177,708	22,849	0	200,557	41,106	0	218,814
Total Funds	\$3,519,198	\$397,638	(\$48,810)	\$3,868,026	\$318,346	(\$48,730)	\$3,788,814

**Dept Nat Resource/Conservation-5706
Conservation/Resource Dev Div-23**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$500,000	FY04	\$500,000
FY05	\$500,000	FY05	\$500,000

PL- 12 - Crow Tribe Settlement -

In June of 1999, the state agreed to put \$15 million into an escrow account (making deposits each year for 15 years). When all tasks by the tribe, state and federal governments are complete, the escrow account balance will go to the Crow Tribe. If payments are not made, the state would not be in compliance with the contract.

Contract payments were \$500,000 in FY 2002 and in FY 2003. Per the escrow agreement, increasing the payments to \$1,000,000 in FY 2004 and \$1,000,000 FY 2005 for each year of the biennium will put the state in a better position to fund the agreement by the deadline date. This is a \$500,000 increase each year over the base expenditure of \$500,000.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$80,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 28 - Grass Conservation Commission -

Since this was a biennial appropriation in the 2003 biennium, a request is needed to restore the budget to the 2003 biennium level.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$298,964)	FY04	\$0
FY05	(\$307,691)	FY05	\$0

PL- 230 - Coal Severance Tax Shared Acct Reduction -

The executive recommends reducing the coal severance tax shared account from 8.36 percent to 4.18 percent. This is a present law adjustment because the executive is responsible for allocating the account in the recommended budget. Grants will be reduced by \$298,964 in FY 2004 and \$307,691 in FY 2005 using the executive revenue estimates. A bill will be introduced to reduce the revenue to the coal severance tax shared account

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$302)	FY04	(\$26,801)
FY05	\$2,230	FY05	(\$25,560)

PL- 7009 - Operating and Special Session Adjustments -

This request continues the Governor's and special session reductions, offset by increases annualizing certain operating costs, rent increases in Miles City, Billings and Helena, and adding a 0.50 FTE administrative assistant for the revolving fund programs. The reductions include \$3,190 in FY 2004 and \$3,270 in FY 2005 for the 310 grants to conservation districts, \$25,000 each year for the NRCS and \$10,000 each year for the Yellowstone River contract.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$48,810)	FY04	(\$48,810)
FY05	(\$48,730)	FY05	(\$48,730)

NP- 7020 - Reductions to Meet Target -

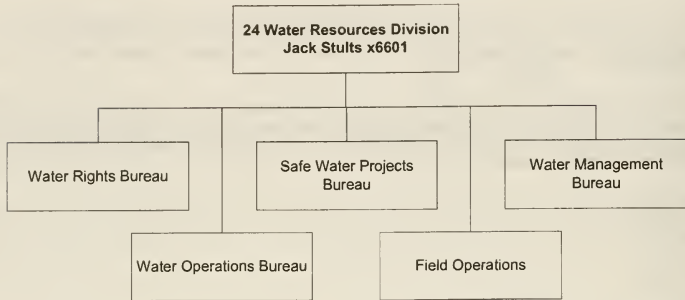
Eliminate 1.00 FTE agricultural engineering specialist position that designs irrigation systems and take additional reductions of \$18,000 each year of the biennium for the move to the alternate payplan.

Dept Nat Resource/Conservation-5706
Conservation/Resource Dev Div-23

Language Recommendations - "The department is appropriated up to \$600,000 for the 2005 biennium from the state special revenue account established in 85-1-604 for the purchase of prior liens on property held as loan security as required by 85-1-618."

"The department is authorized to decrease federal special revenue money in the pollution control and/or drinking water revolving fund loan programs and increase state special revenue money by a like amount within the special administration account when the amount of federal EPA CAP funds have been expended or federal funds and bond proceeds will be used for other program purposes."

Dept Nat Resource/Conservation-5706 **Water Resources Division-24**



Program Description - The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. It manages and maintains the state-owned dams, reservoirs, and canals. The division also develops and recommends in state, interstate, and international water policy to the director, Governor, and Legislature. The division consists of an administration unit and four bureaus: Water Management Bureau, Water Rights Bureau, State Water Projects Bureau, and the Water Operations Bureau.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Dam Safety Inspections conducted on state-owned dams	36	35	48	46	46	46
High-hazard dam permits evaluated and issued	37	31	18	13	23	37
Water-user groups assisted in major river basins	16	20	22	22	24	24

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	109.50	0.00	(1.00)	108.50	0.00	(1.00)	108.50
Personal Services	4,892,576	555,663	(78,465)	5,369,774	562,336	(78,329)	5,376,583
Operating Expenses	1,817,530	2,266,533	121,869	4,205,932	(61,907)	134,549	1,890,172
Equipment	8,250	0	0	8,250	0	0	8,250
Capital Outlay	100	0	0	100	0	0	100
Debt Service	388,654	81,089	0	469,743	81,089	0	469,743
Total Costs	\$7,107,110	\$2,903,285	\$43,404	\$10,053,799	\$581,518	\$56,220	\$7,744,848
General Fund	6,029,101	450,534	(139,596)	6,340,039	504,931	(134,780)	6,399,252
State/Other Special	918,374	2,443,117	183,000	3,544,491	127,367	191,000	1,236,741
Federal Special	159,635	9,634	0	169,269	(50,780)	0	108,855
Total Funds	\$7,107,110	\$2,903,285	\$43,404	\$10,053,799	\$581,518	\$56,220	\$7,744,848

Dept Nat Resource/Conservation-5706
Water Resources Division-24

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$231,603)	FY04	(\$318,292)
FY05	(\$225,435)	FY05	(\$312,124)

PL- 10 - WRD Operating Expense Adjustments -

This request includes funding for zero-based overtime and per diem as well as a variety of funding reductions and increases for operating expense items throughout the division, the largest of which is an \$81,000 adjustment for the rehabilitation loans on Middle Creek Dam and Tongue River Dam, which have principal and interest payments that vary annually but require authority to pay the maximum potential amount.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,280,794	FY04	\$0
FY05	\$0	FY05	\$0

PL- 13 - Restore OTO-State Water Project Rehabilitation -

This is a biennial appropriation request for rehabilitation and repairs associated with the Nevada Creek Dam, North Fork Smith River Dam, Nilan North Dam, Tongue River Dam and Broadwater Hydropower Dam funded with state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$96,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 20 - Broadwater Hydropower Project Maintenance -

The Broadwater Hydropower Plant needs funding for fisheries mitigation work as required by the FERC operating license. This is a biennial request to fund required fisheries habitat evaluation, mitigation and improvement. The department contracts with the Department of Fish, Wildlife and Parks to perform annual fish population studies and evaluate completed habitat improvement projects built to mitigate impacts from the construction of the power plant. The biennial cost of this evaluation work is estimated to be \$32,000 and comes from the Broadwater O&M state special revenue account.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$18,000)	FY04	(\$18,000)
FY05	(\$14,157)	FY05	(\$14,157)

PL- 7025 - Lease Vehicle Reduction -

The State Water Projects Bureau is requesting funding to lease a large 4x4 pickup to replace a 1990 pickup that currently has 178,000 very hard miles with a Department of Transportation State Motor Pool lease vehicle. This is offset by a reduction of four vehicles in the lease fleet next biennium.

Dept Nat Resource/Conservation-5706
Water Resources Division-24

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$160,000	FY04	\$0
FY05	\$168,000	FY05	\$0

NP- 19 – Restore OTO-Water Rights Verification Project -

This request would retain funding for currently-employed modified-level positions to continue the verification of old water right permits and change authorizations funded initially by the 2001 Legislature. The primary function of these temporary employees is to analyze completed questionnaires sent to water users, verifying that the permitted projects are completed and how much water they are actually using, as required by law. It is clear that DNRC is getting far better results on a cost-per-verification basis than was experienced during a pilot project using private consultants. Actual up-to-date numbers on that progress are available and will be provided during the legislative session. This project is funded from water rights state special revenue.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$23,000)
FY05	\$0	FY05	(\$23,000)

NP- 7002 - Applicants Pay Water Rights Notice Costs -

It is planned that applicants for water rights will begin to pay the public notice costs for their applications. This proposal requires amending ARM 36.12.103 and will save \$23,000 of general fund each year and increase state special revenue by a like amount.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$116,596)	FY04	(\$116,596)
FY05	(\$111,780)	FY05	(\$111,780)

NP- 7020 - Reduction to Meet Target -

There is 1.00 FTE civil engineering specialist position eliminated and operating budget reductions in the Water Rights Bureau, the Regional Offices and the Water Projects Bureau that reflect elimination of a total of 4.00 FTE that were funded with general fund. These reductions also are for the alternative payplan conversion.

Language Recommendations - "During the 2005 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2005 biennium, up to \$70,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2005 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

**Dept Nat Resource/conservation-5706
Reserved Water Rights Comp Com-25**

**25 Reserved Water Rights
Compact Commission
Susan Cottingham x6841**

Program Description - The Reserved Water Rights Compact Commission was created by the Legislature in 1979 as part of the water rights adjudication effort. It consists of four members appointed by the Governor, two by the President of the Senate, two by the Speaker of the House of Representatives, and one by the Attorney General. Members serve for four years. The commission negotiates water rights with the Indian tribes and federal agencies, which claim federal reserved water rights within the state, to establish a formal agreement (compact) on the amount of water to be allocated to each interest.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Compacts completed	0	1	0	0	1	1
Compacts Under Negotiation	5	4	4	4	3	2

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	11.00	0.00	0.00	11.00	0.00	0.00	11.00
Personal Services	565,772	41,770	0	607,542	46,639	0	612,411
Operating Expenses	149,210	4,037	0	153,247	7,187	0	156,397
Total Costs	\$714,982	\$45,807	\$0	\$760,789	\$53,826	\$0	\$768,808
General Fund	714,982	45,807	0	760,789	53,826	0	768,808
Total Funds	\$714,982	\$45,807	\$0	\$760,789	\$53,826	\$0	\$768,808

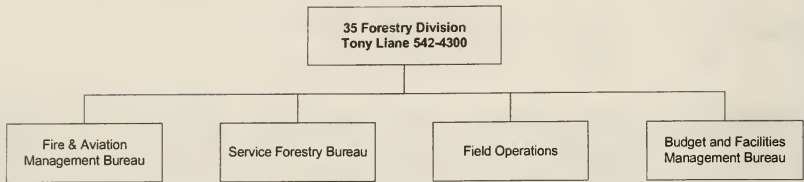
----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$8,837	FY04 \$8,837
FY05 \$11,399	FY05 \$11,399

PL- 6 - RWRCC Operating Adjustment -

The per diem for the nine Reserved Water Right Compact Commission members covers mileage and per diem for attendance at quarterly commission meetings as well as frequent negotiating sessions. Since this expense is zero-based, it needs to be restored each biennium. Also requested is the rent adjustment for a non-state building.

Dept Nat Resource/conservation-5706 Forestry-35



Program Description - The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners. Specific programs include:

1. Fire and Aviation Management - Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support.
2. Forest Practice Regulation - Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana.
3. Administering Montana Fire Hazard Reduction Law - Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced.
4. Providing Forestry Services - Providing technical forestry assistance to private landowners, businesses and communities.
5. Tree and Shrub Nursery - Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Total Acres under Fire Protection (in millions)	52.1	52.1	52.1	52.1	52.1	52.1
Forest Resource Assists	4,968	5,337	5,493	5,625	5,750	5,800

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	291.36	0.00	(2.60)	288.76	0.00	(2.60)	288.76
Personal Services	10,764,915	1,902,403	(128,830)	12,538,488	1,918,907	(128,842)	12,554,980
Operating Expenses	5,938,011	226,393	(9,942)	6,154,462	285,071	(8,942)	6,214,140
Equipment	700,346	(37,190)	0	663,156	(37,240)	0	663,106
Capital Outlay	354	0	0	354	0	0	354
Grants	0	0	0	0	0	0	0
Transfers	389,169	9,170	0	398,339	9,170	0	398,339
Debt Service	114,394	0	0	114,394	0	0	114,394
Total Costs	\$17,907,189	\$2,100,776	(\$138,772)	\$19,869,193	\$2,175,908	(\$137,784)	\$19,945,313
General Fund	5,906,892	801,115	(216,625)	6,491,382	821,067	(215,949)	6,512,010
State/Other Special	10,863,292	1,064,200	(8,722)	11,918,770	1,115,793	(8,410)	11,970,675
Federal Special	1,137,005	235,461	86,575	1,459,041	239,048	86,575	1,462,628
Total Funds	\$17,907,189	\$2,100,776	(\$138,772)	\$19,869,193	\$2,175,908	(\$137,784)	\$19,945,313

Please note that a HB 576 section exists for this program.

**Dept Nat Resource/conservation-5706
Forestry-35**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$9,312	FY04	\$0
FY05	\$14,811	FY05	\$0

PL- 7 - TLMD Operating Adjustment -

This request is for a rent increase in the Helena headquarters based on a contractual rent agreement through June 2005. As this building is privately owned, rent is not reflected in the Dept. of Administration fixed costs for rent. Trust Land's portion of the increase is \$9,312 in FY 2004 and \$14,811 in FY 2005. Other adjustments in this decision package reflect corrections in expenditures changes among reporting levels.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$200,000	FY04	\$0
FY05	\$200,000	FY05	\$0

PL- 11 - Fire Seasonal Pay Exception -

This request is to make the temporary pay exception of 20 percent a permanent increase for the DNRC firefighters. Recruitment and retention of the seasonal firefighter workforce is more and more difficult. Since the 2000 fire season, the issue has become even more critical due to the unprecedented increase in competition to hire from this same seasonal workforce pool by the federal agencies and adjacent states. This proposal would grant a permanent pay exception for seasonal firefighters to make the pay matrix similar to that of surrounding states (Idaho Department of Lands and Oregon Department of Forestry) with similar programs. The Office of Program and Budget Planning approved this payplan exception for the 2003 biennium as a one-time-only budget adjustment, pending session action.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$112,964	FY04	\$0
FY05	\$112,854	FY05	\$0

PL- 21 - Federal Fire Reimbursement -

This proposal is submitted in response to the need to maintain funding authority to expend federal dollars received in support of federal fire suppression activities. These funds are referred to as the federal fire reimbursement and are received from federal agencies and other states for the use of DNRC personnel and equipment. DNRC provides assistance to these other entities in managing emergency incidents, such as fire suppression activities. It has been the intent of the Legislature that money reimbursed for the use of department equipment on other agencies' fires is expended for the repair, maintenance, and replacement of equipment that supports the state-county cooperative fire program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,005	FY04	\$0
FY05	\$5,432	FY05	\$0

PL- 27 - TLMD Leased Vehicles -

The Trust Land Management Division is continuing to utilize the State Motor Pool Lease Vehicle Program instead of purchasing new vehicles. This request is for one leased vehicle for the Central Land Office that was authorized by the 2001 Legislature, but not received until FY 2003. Therefore, the expenditure is not reflected in the base.

Dept Nat Resource/conservation-5706 Forestry-35

Total Agency Impact

FY04	\$1,587
FY05	\$4,539

General Fund Total

FY04	\$10,326
FY05	\$12,294

PL- 2004 - Forestry Operating and Special Session Adjustment -

This proposal is submitted in response to known statewide increases in rent, utilities, communications, janitorial services, fire training through the Northern Rockies Training Center, and the relocation of an interagency dispatch center. The Bureau of Indian Affairs, Flathead Agency, is raising the fee for providing fire protection on 147,609 acres of state and private lands within the reservation by \$0.04 per acre. The total increase per year is \$5,905 and will be ongoing. These lands are the fire protection responsibility of the DNRC.

----- New Proposals -----

Total Agency Impact

FY04	\$47,301
FY05	\$47,239

General Fund Total

FY04	\$21,731
FY05	\$21,704

NP- 14 - Forestry Restoration of Seasonal FTE -

This proposal is submitted to restore 0.50 FTE seasonal firefighter fire team leader at the Northwest Land Office, 0.50 FTE seasonal aggregate at the Southwest Land Office for a senior engine boss and an initial attack helicopter manager, and 0.55 FTE seasonal field irrigator aggregate for the nursery. During the 2001 Legislative session, positions left vacant were eliminated as part of the budget process. The intent of the Legislature was to eliminate vacant permanent positions; these seasonal positions were inadvertently eliminated at that time. Restoring these seasonal FTE is vital to maintaining minimum staffing but still providing adequate resources for initial attacking wild land fires in an aggressive but safe manner and for growing, selling and delivering over one million plants to reforest burned or harvested areas, create or improve wildlife habitat, protect soil through windbreaks and shelterbelts, restore riparian areas and provide other conservation benefits

Total Agency Impact

FY04	\$34,600
FY05	\$35,600

General Fund Total

FY04	\$23,182
FY05	\$23,852

NP- 26 - Inmate Fire Crew -

This is a proposal to establish an inmate firefighting crew at the Montana State Prison for use by the DNRC. The 1999 Legislature approved and funded a program out of the Great Falls and Missoula Regional Prisons, but a work release policy for inmates was not completed and funding was returned unspent. The state has increasing needs for fireline crew support to keep wildland fires small, reducing total fire costs. Opportunities to provide development for inmates of the Department of Corrections exist and can be used with minimal increased costs per shift. As a part of this proposal, the department requests 0.35 FTE to administer the program.

Total Agency Impact

FY04	\$0
FY05	\$0

General Fund Total

FY04	(\$86,575)
FY05	(\$86,575)

NP- 2001 - Fund Switch for Forest Practices -

The Service Forestry program is made up of multiple programs supported by three funding sources, general fund, state special revenue, and federal grants. Currently, service foresters working in forest practices programs are predominately general funded. However, the division has recently experienced an increase in federal funds due to increased forest landowner assistance provided by DNRC service foresters. Therefore, the division requests authority to implement a funding switch from general fund to federal funds in the amount of \$86,575 in this program.

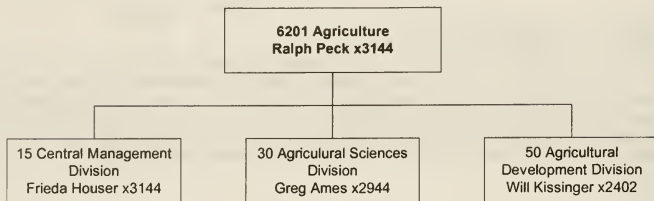
**Dept Nat Resource/conservation-5706
Forestry-35**

FY04	(\$220,673)	FY04	(\$174,963)
FY05	(\$220,623)	FY05	(\$174,930)

NP- 7020 - Reductions to Meet Target -

The Forestry Division alternative payplan and the special session reduction of about \$140,000 each year are being combined in this decision package. It is proposed to eliminate a portion of the State/County Cooperative Fire Protection Program. The counties affected would be: Missoula, Mineral, Granite, Powell, Sanders, Lincoln, Lake, Ravalli, Flathead, Deer Lodge and Silver Bow for a general fund savings of \$159, 037. Due to the requirement stated in 76-13-207, MCA that no greater than one-third of the fire appropriation comes from landowner assessments, the division would also be required to reduce state special revenue by \$78,331. This proposal also eliminates 4.15 FTE.

Department Of Agriculture-6201



Mission Statement - To protect, enhance, and develop all agriculture in Montana; to encourage and promote production and marketing for agriculture and allied industries; and to provide protection for producers and consumers through administration and enforcement of statutes established by Montana's Legislature.

Statutory Authority - Article XII, Section 1, Montana Constitution; Title 80, Chapters 1-15, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	109.05	0.00	2.50	111.55	0.00	2.50	111.55
Personal Services	3,543,375	967,391	110,569	4,621,335	968,829	110,304	4,622,508
Operating Expenses	2,236,399	341,805	200,032	2,778,236	242,509	200,032	2,678,940
Equipment	148,511	91,800	0	240,311	66,800	0	215,311
Grants	3,066,490	318,896	2,007,278	5,392,664	318,896	0	3,385,386
Transfers	80,000	(80,000)	0	0	(80,000)	0	0
Total Costs	\$9,074,775	\$1,639,892	\$2,317,879	\$13,032,546	\$1,517,034	\$310,336	\$10,902,145
General Fund	730,339	(8,686)	(29,015)	692,638	(42,857)	(29,015)	658,467
State/Other Special	7,156,170	1,224,456	88,529	8,469,155	1,130,053	88,388	8,374,611
Federal Special	946,465	345,709	2,258,365	3,550,539	350,118	250,963	1,547,546
Proprietary	241,801	78,413	0	320,214	79,720	0	321,521
Total Funds	\$9,074,775	\$1,639,892	\$2,317,879	\$13,032,546	\$1,517,034	\$310,336	\$10,902,145

----- Agency General Fund Target - \$1.35 million -----

In addition to meeting the general fund target, the department reduced its share of the coal severance tax account for Growth through Agriculture by \$511,630 and the statutory appropriation for Growth through Agriculture will be recommended for a \$625,000 reduction in a separate bill.

Department Of Agriculture-6201 **Central Management Division-15**

**15 Central Management
Division**
Frieda Houser x3144

Program Description - Central Management Division performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Regional/National Projects/Meetings	111	179	204	210	215	215
International Projects/Meetings	27	38	24	25	30	30

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	13.00	0.00	0.00	13.00	0.00	0.00	13.00
Personal Services	587,875	74,477	0	662,352	74,014	0	661,889
Operating Expenses	159,662	54,399	0	214,061	45,656	0	205,318
Equipment	8,938	25,000	0	33,938	0	0	8,938
Total Costs	\$756,475	\$153,876	\$0	\$910,351	\$119,670	\$0	\$876,145
General Fund	222,429	880	0	223,309	(33,295)	0	189,134
State/Other Special	417,166	150,480	0	567,646	150,449	0	567,615
Federal Special	66,894	(3,894)	0	63,000	(3,894)	0	63,000
Proprietary	49,986	6,410	0	56,396	6,410	0	56,396
Total Funds	\$756,475	\$153,876	\$0	\$910,351	\$119,670	\$0	\$876,145

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 align="right">\$60,168	FY04 align="right">\$0
FY05 align="right">\$74,729	FY05 align="right">\$0

PL- 1 - Request for Operations and Equipment -

The program requests additional operating costs and authority to restore the State Grain Lab since the appropriation was not spent in the base year due to lack of revenue. The director also requests an ethanol-fueled pick up truck to show his support for Montana's Agricultural industry at a cost of \$25,000 state special revenue.

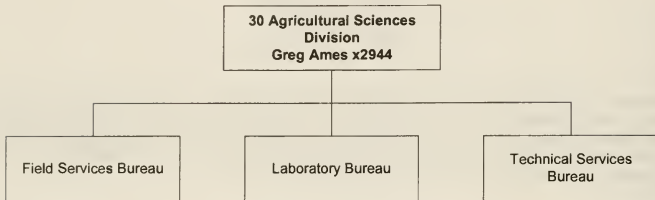
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 align="right">\$15,800	FY04 align="right">\$0
FY05 align="right">\$0	FY05 align="right">\$0

PL- 2 - Microsoft Office Licensing -

Licensing costs for the Microsoft Office Professional products are changing. In order to continue to use the professional products, the department will have to purchase them at approximately \$316 each. Out of approximately 100 employees, the department is proposing to purchase 50 professional licenses at an estimated cost of \$15,800.

Department Of Agriculture-6201

Agricultural Sciences Div.-30



Program Description - The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater management; and 5) vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Commercial Agricultural Products Registered	11,230	11,660	11,920	12,200	12,400	12,600
Analysis of Commercial Agricultural Products	9,784	5700	5708	5712	5800	5800
Commodity Certificates	4,737	3503	4016	4065	4130	4140
Noxious Weed Trust Fund Grants Awarded	157	163	141	150	150	150
Pest Quarantines and Surveys	24	22	23	25	35	40
Compliance Assistance, Education, and Inspections	1,567	1619	1759	1823	1853	1853

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	56.17	0.00	2.50	58.67	0.00	2.50	58.67
Personal Services	2,020,206	244,474	110,569	2,375,249	245,900	110,304	2,376,410
Operating Expenses	919,093	120,552	200,032	1,239,677	130,881	200,032	1,250,006
Equipment	139,573	0	0	139,573	0	0	139,573
Grants	2,285,759	300,000	2,007,278	4,593,037	300,000	0	2,585,759
Total Costs	\$5,364,631	\$665,026	\$2,317,879	\$8,347,536	\$676,781	\$310,336	\$6,351,748
General Fund	181,198	(20,274)	(29,015)	131,909	(20,273)	(29,015)	131,910
State/Other Special	4,348,362	511,197	88,529	4,948,088	518,542	88,388	4,955,292
Federal Special	835,071	174,103	2,258,365	3,267,539	178,512	250,963	1,264,546
Total Funds	\$5,364,631	\$665,026	\$2,317,879	\$8,347,536	\$676,781	\$310,336	\$6,351,748

Please note that a HB 576 section exists for this program.

Department Of Agriculture-6201
Agricultural Sciences Div.-30

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$8,412	FY04	\$0
FY05	\$8,392	FY05	\$0

PL- 2 - Mint Committee -

Reestablish per diem, travel, meeting expenses, program supplies, and contracted services for research on mint production and management of pests and weeds for the Mint Committee.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$300,000	FY04	\$0
FY05	\$300,000	FY05	\$0

PL- 4 - Noxious Weed Grants -

This request is based on the expected increase in interest income from the Montana Noxious Weed Trust fund and increased revenue to the fund that is based on the number of vehicles registered in the state. The additional appropriation authority will allow the full use of revenue to be provided as grants to local cooperative weed management areas, weed education programs and weed research.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,000	FY04	\$0
FY05	\$20,000	FY05	\$0

PL- 9 - Contracts for Inspections of Organic Applicants -

Increase contracted services to inspect producers and handlers operations. The inspections will determine whether organic certification can be granted.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,616	FY04	\$0
FY05	\$1,616	FY05	\$0

PL- 14 - Weed Seed Free Forage supply purchases -

Restore sufficient funding to purchase color-coded bailing twine to mark certified noxious weed seed free forage.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,149	FY04	\$0
FY05	\$5,149	FY05	\$0

PL- 15 - Advisory Councils Lodging and Per Diem -

Restore and provide additional funding to pay travel and per diem costs to the members serving on the Noxious Weed Trust Fund, Organic Certification, and Noxious Weed Seed Free Forage advisory councils.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,700	FY04	\$0
FY05	\$2,700	FY05	\$0

PL- 17 - Pesticide Applicator Training -

Provide additional authority for operational costs to provide training for recertification of pesticide applicators and dealers including speaker fees and increases in training room rental, travel costs, and supplies and materials.

Department Of Agriculture-6201
Agricultural Sciences Div.-30

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$21,165	FY04 \$0
FY05	\$21,165	FY05 \$0

PL- 18 - Waste Pesticide Disposal Program Disposal Cost -

Provide appropriation authority for the waste pesticide disposal program above base year funding to historical levels. In addition, the disposal program will be paying its fair share of personal services and operations costs not charged to the program in previous disposal collections.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$800	FY04 \$0
FY05	\$3,300	FY05 \$0

PL- 19 - Field Office Rent Contracts -

Funding is necessary to pay increased rent per contracts approved by Dept of Administration for field offices.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$20,000	FY04 \$0
FY05	\$20,000	FY05 \$0

PL- 20 - Federal Contract for Feed Inspections (BSE) -

Funding is necessary to reestablish a budget and allow for new funding from the FDA to inspect and sample commercial feeds. The inspections will assure compliance with laws that prevent the spread of bovine spongiform and encephalitis (BSE/Mad Cow Disease), a devastating disease of cattle and humans.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$2,314	FY04 \$0
FY05	\$2,314	FY05 \$0

PL- 21 - Restore Produce Inspector Overtime -

Restore the zero-based overtime for grade inspections of potatoes and other commodities, which occur upon request by growers and are often needed on the weekends and after regular hours.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$178,500	FY04 \$0
FY05	\$178,500	FY05 \$0

NP- 5 - Federal Discretionary Funding -

EPA discretionary funds will likely be available for special pesticide programs involving training, enforcement, worker protection, endangered species, and ground water protection.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$59,514	FY04 \$0
FY05	\$59,373	FY05 \$0

NP- 7 - Organic Program Fund Switch to State Special -

Previous legislative sessions provided the organic program with start up costs funded from the general fund. The Legislature further instructed the department to make the program self-supporting in the 2005 biennium. This decision package requests an increase in state special revenue authority from the organic fees collected. It also requests 1.00 FTE to run the program. This FTE was removed during the last session because it had been held vacant while the federal government finalized the organic rules.

Department Of Agriculture-6201
Agricultural Sciences Div.-30

Total Agency Impact

FY04	\$72,587
FY05	\$72,463

General Fund Total

FY04	\$0
FY05	\$0

NP- 10 - USDA Cooperative Agricultural Pest Survey -

Funding authority is needed for surveys and management of agricultural pests and to protect homeland security. The USDA Animal and Plant Health Inspection Service has funding for the department to address issues of Homeland Security. The USDA is making this funding available for pest detection and prevention programs, to improve the pest detection system in the U. S. and to prevent the intentional or accidental introduction of pests that could cause serious harmful impacts to agriculture and other segments of Montana's economy. This program would require the addition of 1.00 FTE to manage the funds and the pest control program.

Total Agency Impact

FY04	\$2,007,278
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

NP- 13 - USDA Forest Service Weeds and Fire Grants -

Federal biennial appropriation authority is needed to issue grants to counties and cooperative landowner associations for control of noxious weeds from funds granted to the department by the USDA Forest Service.

----- Other Legislation Required to Implement HB 2 -----

Total Agency Impact

FY04	\$0
FY05	\$0

General Fund Total

FY04	(\$29,015)
FY05	(\$29,015)

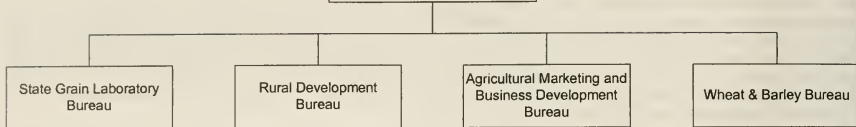
NP- 8000 - Apiary (Honey Bee) Fund Switch -

The department proposes to implement an apiary fee for the 2005 biennium to replace general fund. This will require legislation to allow the department to continue to provide the same level of services using new state special revenue for services that have been funded with general fund.

Department Of Agriculture-6201

Agricultural Development-50

50 Agricultural Development
Division
Will Kissinger x2402



Program Description - The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the following Bureaus: Rural Development, Wheat and Barley, Agriculture Marketing & Business Development and State Grain Laboratory. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Wheat and Barley:						
Market Info Requests	242	237	232	250	250	250
Research & Marketing Projects	74	67	64	47	60	75
Foreign Trade Delegation Representatives	61	38	47	50	50	50
State Grain Lab:						
Official & Submitted Grades	22,044	18,632	11,465	14,100	18,500	20,000
Commodity Grades (Peas, Beans, Lentils)	314	299	213	240	250	300
Related Testing (Proteins, Germinations, Falling Numbers)	25,781	20,918	13,750	15,550	20,000	21,500
Hail Insurance:						
Insurance Policies*	1,628	1,270	1,232	1,350	1,400	1,450
Acreage Insured*	1,032,353	801,563	532,939	950,000	1,000,000	1,200,00
Ag Finance:						
Junior Ag Loans	149	138	127	139	145	155
Subordination Loans	8	8	10	11	13	15
Rural Assistance Loans	56	56	53	58	63	68
Loan Portfolio Amount	\$1,810,602	\$1,765,907	\$1,775,820	\$2,000,000	\$2,150,000	\$2,350,000
Marketing & Business Development:						
GTA Investment Portfolio	\$267,930	\$1,116,617	\$1,221,029	\$589,000*	\$1,098,369	\$1,098,369
GTA Awards Made	7	45	39	21	42	42
Companies Assisted w/ Business Start-up, Expansion, or Business Recruitment/Relocation	11	34	57	70	80	90

Department Of Agriculture-6201 Agricultural Development-50

Expansion, or Business Recruitment/Relocation						
Companies Assisted w/ Business Start-up	14	44	108	110	130	150
Promotions Conducted	7	8	8	8	8	8
Dept Trade Show Participation	7	6	10	7	10	10
Dept Assisted Trade Show Participants	8	20	9**	15	20	30
Trade Missions & Reverse Trade Missions	7	6	5	6	6	6

**Transition
to Trade
Show
Assistance
Program

*Reduced
Funding
Special
Session

Program Proposed Budget							
Program Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	39.88	0.00	0.00	39.88	0.00	0.00	39.88
Personal Services	935,294	648,440	0	1,583,734	648,915	0	1,584,209
Operating Expenses	1,157,644	166,854	0	1,324,498	65,972	0	1,223,616
Equipment	0	66,800	0	66,800	66,800	0	66,800
Grants	780,731	18,896	0	799,627	18,896	0	799,627
Transfers	80,000	(80,000)	0	0	(80,000)	0	0
Total Costs	\$2,953,669	\$820,990	\$0	\$3,774,659	\$720,583	\$0	\$3,674,252
General Fund	326,712	10,708	0	337,420	10,711	0	337,423
State/Other Special	2,390,642	562,779	0	2,953,421	461,062	0	2,851,704
Federal Special	44,500	175,500	0	220,000	175,500	0	220,000
Proprietary	191,815	72,003	0	263,818	73,310	0	265,125
Total Funds	\$2,953,669	\$820,990	\$0	\$3,774,659	\$720,583	\$0	\$3,674,252

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$185,084	FY04 \$0
FY05 \$184,542	FY05 \$0

PL - 6 - Increase in Federal Authority -

The department continues to see an increase in the federal funding for marketing projects from Western United States Agriculture Trade Association (WUSATA), Federal State Marketing Improvement Program (FSMIP) and market development trade missions.

Department Of Agriculture-6201
Agricultural Development-50

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$20,044	FY04	\$0
FY05	\$20,096	FY05	\$0

PL- 10 - State Hail Insurance Base Adjustment -

The purpose of this proposal is to increase the base appropriation to a level equivalent to that appropriated the base year of FY 2002. Due to the severe drought during the base year, agriculture producers did not take out state hail insurance on poor quality and reduced acreage crops. The increased appropriation is required so that a normal level of services can be provided during normal hail insurance years.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$269,891	FY04	\$0
FY05	\$270,736	FY05	\$0

PL- 11 - State Grain Laboratory Base Adjustment -

The purpose of this proposal is to increase the base appropriation of the State Grain Laboratory to a level equivalent to that appropriated the base year of FY 2002. Due to the severe drought during the past several years including the base year, agriculture producers and the grain trade did not have the number of grain samples to send to the grain lab for analysis. The reduction in revenue required the department to reduce personal services and operations accordingly. The requested increased in base appropriation is required so that a normal level of services can be provided during a heavy workload year at the lab.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$0	FY05	\$0

PL- 12 - Universal System Benefits Charge -

A Universal System Benefit (USB) charge was established by the Legislature in Title 69, chapter 8, part 4, MCA, to fund social benefits that might otherwise not be funded through the market place. These benefits include renewable energy development, low-income energy assistance and weatherization energy efficiency. USB charges are being collected by Northwestern Energy and Montana Dakota Utilities (MDU). Northwestern, MDU and qualifying large utility customers are allowed to operate programs to expand these funds on eligible public benefit activities. According to statute, a portion of the USB is to be used to provide for reductions in energy costs of irrigated agriculture through energy conservation and efficiency measures. This is a biennial appropriation request.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$9,300	FY04	\$0
FY05	\$9,300	FY05	\$0

PL- 16 - Per Diem Requests -

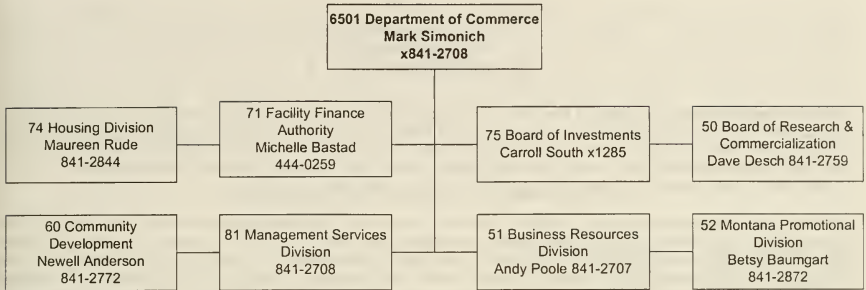
Restore zero-based per diem to the actual amount spent in the base year, since the same number of meetings are projected to be held.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$253,053)	FY04	\$0
FY05	(\$258,577)	FY05	\$0

PL- 50 - Coal Severance Tax Shared Acct Reduction -

The executive is proposing to reduce the shared coal severance tax account from 8.36 percent to 4.18 percent for the 2005 biennium with the passage and approval of a bill.

Department Of Commerce-6501



Mission Statement - To enhance economic prosperity in Montana by working with our community partners to foster community led diversification of our economy, and to maintain and improve our infrastructure, housing and facilities.

Statutory Authority - The Department of Commerce is primarily mandated in Title 2, Section 15, part 18, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	68.50	1.00	(19.50)	50.00	1.00	(19.50)	50.00
Personal Services	2,767,665	485,690	(811,690)	2,441,665	488,504	(811,945)	2,444,224
Operating Expenses	3,414,705	529,359	(754,972)	3,189,092	478,956	(733,570)	3,160,091
Equipment	0	15,000	25,000	40,000	0	0	0
Grants	37,857,358	16,835,428	(38,234,502)	16,458,284	14,165,221	(40,248,513)	11,774,066
Total Costs	\$44,039,728	\$17,865,477	(\$39,776,164)	\$22,129,041	\$15,132,691	(\$41,794,028)	\$17,378,381
General Fund	1,967,443	237,999	(88,804)	2,116,638	234,494	(88,343)	2,113,594
State/Other Special	2,556,211	207,501	0	2,763,712	(805,795)	0	1,750,416
Federal Special	39,516,074	17,419,977	(39,687,360)	17,248,691	15,703,982	(41,705,685)	13,514,371
Total Funds	\$44,039,728	\$17,865,477	(\$39,776,164)	\$22,129,041	\$15,132,691	(\$41,794,028)	\$17,378,381

----- Agency General Fund Target - \$3.53 million -----

The difference between the \$3.53 million general fund target and the \$4.23 million general fund shown in the table is \$700 thousand, which is the state special revenue coal board grants reductions that will be deposited to the general fund.

In addition, the Department of Commerce will exceed its general fund target by about \$4.65 million through the proposed elimination of the Research and Commercialization program, reducing the Certified Communities statutory appropriation and cutting the Export Trade statutory appropriation in other legislation.

Department Of Commerce-6501 Research And Commercialization-50

**50 Board of Research &
Commercialization
Dave Desch 841-2759**

Program Description - The Board of Research and Commercialization Technology was created by the 1999 Montana Legislature to provide a predictable and stable source of funding for research and commercialization projects; expand and strengthen research efforts for the state's basic industries to increase their economic impact on the state economy; and expand research efforts into areas beyond the scope of the basic industries to diversify and strengthen economic security through the creation of technology-based operations and long-term quality jobs.

The board has the authority to make grants or loans to research and commercialization centers if the projects to be funded 1) have potential to diversify or add value to a traditional basic industry of the state economy, 2) show promise for enhancing technology-based sectors or commercial development of discoveries, 3) employ or take advantage of existing research and commercialization strengths, 4) have a realistic and achievable project design, 5) employ an innovative technology, 6) are located in the state, 7) have a qualified research team, 8) have scientific merit based on peer review, and 9) include research opportunities for students.

The board responsibilities are mandated primarily in Title 90, Chapter 10, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1.00	0.00	(1.00)	0.00	0.00	(1.00)	0.00
Personal Services	83,224	(25,374)	(57,850)	0	(25,508)	(57,716)	0
Operating Expenses	37,383	(6,429)	(30,954)	0	(6,756)	(30,627)	0
Total Costs	\$120,607	(\$31,803)	(\$88,804)	\$0	(\$32,264)	(\$88,343)	\$0
General Fund	120,607	(31,803)	(88,804)	0	(32,264)	(88,343)	0
Total Funds	\$120,607	(\$31,803)	(\$88,804)	\$0	(\$32,264)	(\$88,343)	\$0

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$2,281)	FY04 (\$2,281)
FY05 (\$2,426)	FY05 (\$2,426)

PL- 11 - Administrative Cost Adjustments HB 2 -

One-time moving costs are deleted from the base, offset by inclusion of zero-based board per diem and overtime, as well as the rent adjustment for the new location.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$32,098	FY04 \$32,098
FY05 \$32,057	FY05 \$32,057

NP- 3 - Restore 1.00 FTE Cobb Amendment HB 2 -

The Board of Research and Commercialization was created by the 1999 Legislature to encourage economic development through investment in research and commercialization projects. A staff consisting of 1.00 FTE executive director and a 1.00 FTE program specialist who was added in FY 2002 supports the board. The funding and FTE

**Department Of Commerce-6501
Research And Commercialization-50**

authority requested would be for a permanent 1.00 FTE program specialist needed because the board currently has funded 37 research and commercialization projects in the amount of \$9 million dollars. In March 2002, the program received another 30 applications for new projects, which will receive funding consideration by the board. Adequate monitoring of these projects is essential for prudent administration of the program. Project recipients are required to submit monthly, quarterly, semiannual and final reports. Decisions to make disbursements to projects are made after a review of project reports. The director cannot adequately administer the growing program. There is another bill to provide the administrative funding from the interest earnings and funds in the statutorily-appropriated account, which would eliminate the general fund and the HB 2 authority for the program.

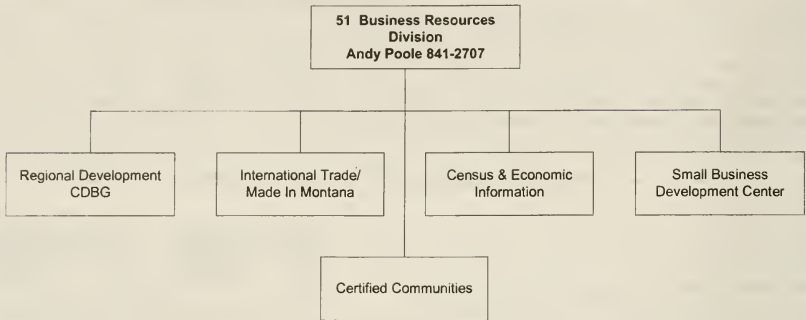
----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$120,902)	FY04	(\$120,902)
FY05	(\$120,400)	FY05	(\$120,400)

NP- 8001 - Research & Commercialization Legislation -

A bill is recommended by the executive to eliminate the Research and Commercialization program in the department and deposit the funds to the general fund. The total savings would be about \$3.65 million. The administrative costs including per diem and expenses for the board are shown here.

Department Of Commerce-6501 Business Resources Division-51



Program Description - The Business Resources Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Working closely with the private sector, our economic and community development partners, other department divisions, state agencies, and federal and private programs, the division strives to enhance the economic base of Montana through business creation, expansion, and retention efforts.

The Business Resources Division is funded with a combination of general fund, state special revenue funds, and federal funds. The Census and Economic Information Center and regional development function are fully funded by the general fund. Community development block grants are primarily funded with federal funds, but the general fund matches a portion of the costs for administering the grants. Interest from loans to Microbusiness Development Corporations (MBDCs) provides funding for the administrative expenses of the microbusiness loan program. Trade and international relations activities are funded with general fund and state special revenue from conference fees. Small Business Development Centers are primarily funded with federal funds, but the general fund matches a portion of the administrative costs and state special revenue from private industry partnering provides a portion of the funding. The trade program receives additional funding from Montana Promotion Division's allocation of the accommodation tax, amounting to \$200,000 annually. Since accommodation tax revenues are statutorily appropriated, this amount does not require legislative appropriation in HB 2 and as such does not appear in the funding tables. The trade program also receives funding from the Growth Through Agriculture program in the Department of Agriculture. The Agriculture Council determines the amount of grant funds to be transferred to the division, which has typically been \$90,000 per year for this purpose.

The Montana Microbusiness Technical Assistance Program is funded primarily through a grant from the United States Small Business Administration. The goal of the program is to provide technical assistance to low to moderate-income individuals to assist them in obtaining private sector financing of up to \$25,000 to start or expand a small business. The focus of the Montana program is to supplement existing business counseling and training resources by providing basic business management training through a combination of traditional classroom style training and internet training. The program utilizes the NxLevel Business Plan Basics curriculum. The program has developed an on-line version of the course that targets remote rural businesses, low or moderate-income individuals, people with disabilities, and Native Americans.

Business resources responsibilities are mandated primarily in Title 30, Chapter 16; Title 17, Chapter 6; and Title 90, Chapter 1, MCA.

Department Of Commerce-6501 Business Resources Division-51

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	26.50	0.00	0.00	26.50	0.00	0.00	26.50
Personal Services	1,023,661	281,864	0	1,305,525	283,368	0	1,307,029
Operating Expenses	1,538,165	63,440	0	1,601,605	58,728	0	1,596,893
Grants	2,122,451	0	0	2,122,451	0	0	2,122,451
Total Costs	\$4,684,277	\$345,304	\$0	\$5,029,581	\$342,096	\$0	\$5,026,373
General Fund	1,455,744	188,837	0	1,644,581	185,629	0	1,641,373
State/Other Special	178,014	6,986	0	185,000	6,986	0	185,000
Federal Special	3,050,519	149,481	0	3,200,000	149,481	0	3,200,000
Total Funds	\$4,684,277	\$345,304	\$0	\$5,029,581	\$342,096	\$0	\$5,026,373

----- Present Law Adjustments -----

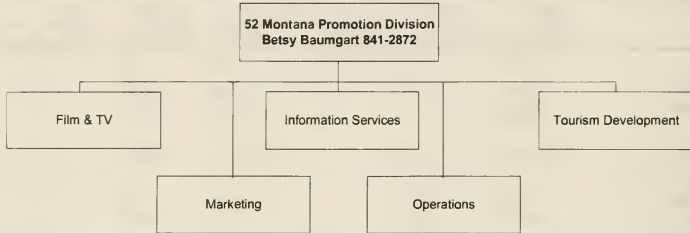
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$77,092	FY04 \$77,092
FY05	\$79,414	FY05 \$79,414

PL- 12 - Administrative Costs Adjustments -

One-time moving costs are deleted from the base, offset by inclusion of zero-based board per diem and overtime, as well as the rent adjustment for the new location and the indirect charges required by state law adopted in the special session.

Department Of Commerce-6501

Montana Promotion Division-52



Program Description - The Montana Promotion Division strives to strengthen Montana's economy through increased visitor travel, visitor expenditures, and the filming of motion pictures and commercials in the state. The division works to project a positive image of the state through consumer advertising, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television production companies. The division is funded primarily by the statutorily-appropriated lodging facility use tax and uses these monies to provide training and assistance to the Montana tourism industry, administer and distribute infrastructure grants, and oversee expenditures of six regional non-profit corporations and the nine specific cities where lodging facility use tax collections exceed \$140,000.

The division is primarily funded by state special revenues derived from 67.5 percent of lodging facility use tax receipts remaining after statutory deductions. Statutory deductions include a \$400,000 transfer each year into the Montana historic preservation and development account and transfers to refund state accounts for lodging facility use taxes paid by state employees on official business, and Department of Revenue costs for collection. The remainder of the tax not allocated to the Department of Commerce goes to the Montana State Historical Society, the University of Montana for allocation to the Institute of Tourism and Recreation Research, and to the Department of Fish, Wildlife and Parks. The Montana Promotion Division distributes 22.5 percent of the lodging facility use tax revenue to regional nonprofit tourism corporations and to certain cities. The remainder is spent by the division for tourism promotion and for promotion of the state as a location for motion pictures and television commercials. The funds distributed to the department are statutorily appropriated by 15-65-121, MCA, rather than in HB 2.

The division is mandated primarily in Title 15, Chapter 65, and Title 2, Chapter 15, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	654,172	114,169	0	768,341	95,828	0	750,000
Total Costs	\$654,172	\$114,169	\$0	\$768,341	\$95,828	\$0	\$750,000
State/Other Special	654,172	114,169	0	768,341	95,828	0	750,000
Total Funds	\$654,172	\$114,169	\$0	\$768,341	\$95,828	\$0	\$750,000

Most of the program is statutorily appropriated and not in HB 2. See Table C-3 on the following page.

Department Of Commerce-6501 Montana Promotion Division-52

----- Present Law Adjustments -----

Total Agency Impact

FY04	\$110,977
FY05	\$110,977

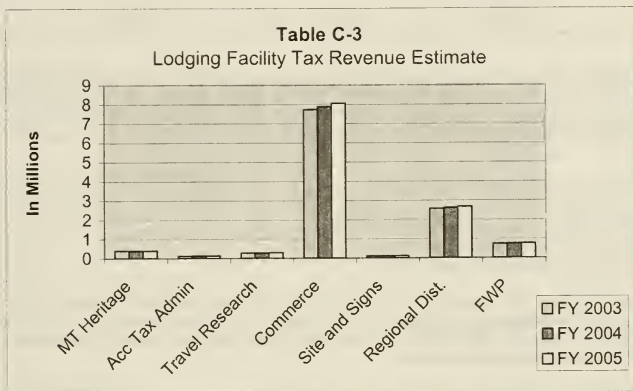
General Fund Total

FY04	\$0
FY05	\$0

PL- 15 - Private Funds Adjustment -

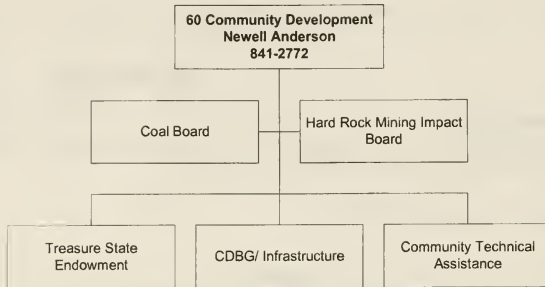
The Montana Promotion Division has historically adjusted its HB 2 private funds appropriation to \$750,000 for each year of the biennium and this proposal continues the historically-established trend.

Statutory appropriations are not included in HB 2 -



	MT Heritage	Acc Tax Admin	Travel Research	Commerce	Site and Signs	Regional Dist.	FWP	Total
			2.5%	67.5%	1.0%	22.5%	6.5%	100.0%
	02102	02110	02111	02116	02123	02254	02274	
		Acc Tax Admin	Travel Research	Commerce	Site and Signs	Regional Dist.	FWP	Total
FY 03	400,000	133,256	286,312	7,730,426	114,525	2,576,809	744,411	11,985,740
FY 04	400,000	137,254	292,205	7,889,535	116,882	2,629,845	759,733	12,225,454
FY 05	400,000	141,371	298,215	8,051,800	119,286	2,683,933	775,359	12,469,963

Department Of Commerce-6501 Community Development Division-60



Program Description - The Community Development Division works with federal, state, and local governments, and the private sector, in all areas of community development including public facilities planning and financing, community planning and growth management, subdivision regulation and zoning, housing development for low- and moderate-income families, neighborhood revitalization, needs assessment, and coal and hard rock mining mitigation, and project management.

There are three major programs within the bureau:

- Community Technical Assistance Program (CTAP)
- Community Development Block Grant Program (CDBG)
- Treasure State Endowment Program (TSEP)

The Montana Coal Board and the Montana Hard Rock Mining Impact Board and their respective programs are attached to the bureau for administrative purposes. These five programs, individually and collectively, provide both financial and technical assistance to Montana communities, local elected officials and staff, nonprofit organizations, private sector developers and consultants, and private citizens.

Other assisted entities include local planning boards and zoning commissions, community development corporations, human resource development councils, water and sewer districts, fire departments, and housing authorities

The Hard Rock Mining Board is funded by a 2.5 percent allocation of the Metalliferous Mines License Tax. The Community Development Block Grant (CDBG) program is primarily funded with federal block grant funds although the general fund provides a HUD-mandated match for a portion of the administrative costs of the program. The Treasure State Endowment Program is funded by interest earnings from the permanent coal tax trust. The Community Technical Assistance Program (CTAP) is funded through the general fund. The Coal Board competes with three other programs (Montana Growth Through Agriculture, State Library Commission, and Conservation Districts) for a share of Coal Severance Tax collections

Community Development responsibilities are primarily mandated in Title 90, Chapter 1 and Chapter 6, MCA; and federal authorizations 24 CFR 570, subpart 1; and 42 USC 5301.

Department Of Commerce-6501 **Community Development Division-60**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	17.00	1.00	0.00	18.00	1.00	0.00	18.00
Personal Services	732,269	158,840	0	891,109	159,180	0	891,449
Operating Expenses	488,197	160,244	0	648,441	156,587	0	644,784
Grants	5,626,816	(161,327)	0	5,465,489	(1,156,823)	0	4,469,993
Total Costs	\$6,847,282	\$157,757	\$0	\$7,005,039	(\$841,056)	\$0	\$6,006,226
General Fund	391,092	80,965	0	472,057	81,129	0	472,221
State/Other Special	1,724,025	66,346	0	1,790,371	(928,609)	0	795,416
Federal Special	4,732,165	10,446	0	4,742,611	6,424	0	4,736,589
Total Funds	\$6,847,282	\$157,757	\$0	\$7,005,039	(\$841,056)	\$0	\$6,006,226

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$54,867	FY04 \$0
FY05 \$54,734	FY05 \$0

PL- 5 - Treasure State Endowment 1.00 FTE -

The Treasure State Endowment Program needs 1.00 FTE civil engineer specialist because of increased work load due to the steadily increasing number of TSEP projects since 1994 and new duties related to funds appropriated for preliminary engineering studies and emergency projects. The current TSEP staff are not qualified to address technical engineering issues.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$161,327)	FY04 \$0
FY05 (\$1,156,823)	FY05 \$0

PL- 6 - Coal Impact Funding -

The Montana Coal Board is recommended to receive a biennial appropriation of \$995,496 for its local impact mitigation grants budget. The negative adjustments are made to establish the biennial amount. There will be a bill recommended by the Office of Budget and Program Planning to reduce the amount in the coal severance tax shared account by 50 percent just for the 2005 biennium. The current grants budget is \$1,157,076 for FY 2002, and \$1,190,552 for FY 2003, or \$2,347,628 for the 2003 biennium.

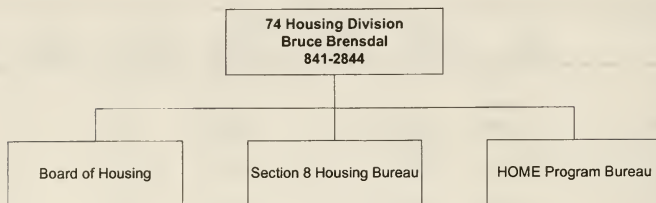
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$167,223	FY04 (\$6,028)
FY05 \$168,732	FY05 (\$5,739)

PL- 13 - Administrative Cost Adjustments -

One-time moving costs are deleted from the base, offset by inclusion of zero-based board per diem and overtime, as well as the rent adjustment for the new location and the indirect charges required by state law adopted in the special session.

Department Of Commerce-6501

Housing Division-74



Program Description - The Housing Division, established on July 1, 1995, consolidates housing programs within the Department of Commerce into one division, which includes the HUD HOME Investment Partnerships Program, the HUD Tenant Based and Project Based Section 8 Housing Programs, and the Board of Housing and its programs. The HOME Program is funded by an annual categorical federal grant from HUD. Grant funds are distributed using a competitive process to successful local governments and Community Housing Development Organizations with an allowed amount being held back at the state level to administer the program. Section 8 Housing Programs are funded under performance-based annual contribution contracts with HUD. The Board of Housing is funded by proprietary (enterprise type) funds derived from an administrative charge applied to mortgages financed and applications received, and no direct appropriations are provided in HB 2.

Housing Division work is mandated primarily in Title 2, Chapter 15; Title 90, Chapter 1, and Chapter 6, MCA; 24 CFR 91, and 92; 24 CFR 5, 792, 813, 887, 982, and 984; and the Governor's Executive Order 27-81.

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	24.00	0.00	(18.50)	5.50	0.00	(18.50)	5.50
Personal Services	928,511	70,360	(753,840)	245,031	71,464	(754,229)	245,746
Operating Expenses	694,747	197,930	(724,018)	168,659	174,564	(702,943)	166,368
Equipment	0	15,000	25,000	40,000	0	0	0
Grants	30,108,091	16,996,755	(38,234,502)	8,870,344	15,322,044	(40,248,513)	5,181,622
Total Costs	\$31,731,349	\$17,280,045	(\$39,687,360)	\$9,324,034	\$15,568,072	(\$41,705,685)	\$5,593,736
State/Other Special	0	20,000	0	20,000	20,000	0	20,000
Federal Special	31,731,349	17,260,045	(39,687,360)	9,304,034	15,548,072	(41,705,685)	5,573,736
Total Funds	\$31,731,349	\$17,280,045	(\$39,687,360)	\$9,324,034	\$15,568,072	(\$41,705,685)	\$5,593,736

Please note that a HB 576 section exists for this program.

**Department Of Commerce-6501
Housing Division-74**

----- Present Law Adjustments -----

Total Agency Impact

FY04	\$17,006,091
FY05	\$15,331,380

General Fund Total

FY04	\$0
FY05	\$0

PL- 7 - Adjust Federal Grants -

Adjustments to the Section 8 Housing Program bring the requested grant amounts up to the federal budget allocation and apply annual rent increases and inflation onto current agent grant contracts. Adjustments to the HOME Program reflect changes in the grant application cycle, which results in awarding and disbursing federal funds faster.

Total Agency Impact

FY04	\$130,000
FY05	\$130,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 9 - Lead-based Paint Inspections -

It is recommended that the budget include costs of HUD-required lead-based paint clearance testing in Section 8 Housing programs.

Total Agency Impact

FY04	\$15,000
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

PL- 10 - Replace Database Server - OTO

The Section 8 Housing tenant-based program uses a private commercial software database package from "HAPPY" software to perform all administrative and financial functions of the programs. The database server running the specialized "HAPPY" software is now over two years old and will be ready for replacement in FY 2004. Additional system requirements by 2004 will make the current database server obsolete by that time.

Total Agency Impact

FY04	\$8,200
FY05	\$10,204

General Fund Total

FY04	\$0
FY05	\$0

PL- 14 - Administrative Cost Adjustments -

One-time moving costs are deleted from the base, offset by a posting error, the rent adjustment for the new location and the indirect charges required by state law adopted in the special session.

Total Agency Impact

FY04	\$20,000
FY05	\$20,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 742 - Board of Housing -

HB 273 of the 2001 Legislature transferred \$3,415,928 TANF (temporary assistance to needy families) block grant to the affordable housing revolving loan account. SB 6 of the 2002 Special Session reduced the amount to \$700,000. The Housing Division is allowed a 7 percent administrative cost reimbursement for each loan made from the TANF funds. No loans were made in FY 2002; therefore, no expenditures were charged to the program and no base was established in the fund. Loans of approximately \$286,000 are anticipated each fiscal year and charged to the program.

**Department Of Commerce-6501
Housing Division-74**

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$39,767,604)	FY04	\$0
FY05	(\$41,745,884)	FY05	\$0

NP- 2 - Section 8 Housing Funding Shift -

The Section 8 Housing program works to provide rental assistance through Housing and Urban Development (HUD) Section 8 authority on behalf of low-income families and the elderly in Montana. Section 8 contracts with HUD to provide payments to landlords for the rental of private housing units to eligible program participants through an annual contribution's contract (ACC). For these services the Section 8 Housing program earns a fee for each unit it manages.

Since the Section 8 Housing program is financed and managed like a private business enterprise it should be accounted for in the enterprise fund type for the following reasons:

- Program customers are completely outside of state government
- GAAP requires it
- The program meets the National Council on Governmental Accounting Standards enterprise fund definition
- HUD requires the program to furnish it with annual financial reports using the enterprise method of accounting
- The HUD contracts are awarded on a competitive basis.
- The CFDA categorizes the Section 8 Housing program as "Direct payments for Specified Use", not as grants or any other type of federal award and
- The program must maintain its lease rates, just like a private enterprise.

The recommendation to place the Section 8 Housing program in an enterprise fund will result in an overall reduction in HB 2 of approximately \$39 million in FY 2004 and \$41 million in FY 2005. There will be no requirement for legislative approval of rates because the program will be categorized as an enterprise fund. The program, like any other private business, will sink or swim on its own merits by securing contracts in a competitive environment, maintaining its lease rates, and controlling its expenditures.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$35,244	FY04	\$0
FY05	\$35,199	FY05	\$0

NP- 4 - Restore 1.00 FTE Cobb Amendment -

Under the Cobb amendment from the last legislative session, any positions vacant for more than 7 months would need to be re-authorized this session as a new proposal. The Housing Division had promised a prior legislative subcommittee it would not fill any newly authorized positions until workload requirements justified the need for the additional FTE. The Project Based Section 8 Contract Administration program was a 1999 session new proposal, which was ultimately approved. Since the program did not start on the first day of the biennium, the Housing Division left positions vacant until the workload increased, as we accepted duties under the contract with HUD. The position in question was vacant for 18 months of the biennium, filled in January 2002, and needs to be continued and made permanent in order to maintain current program services.

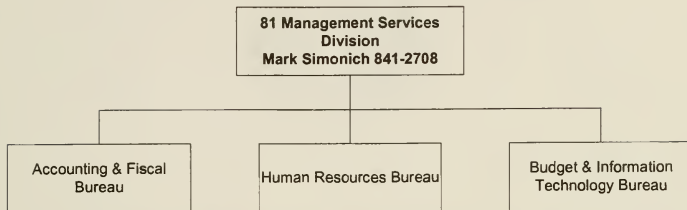
Should the Legislature approve the recommended Section 8 Housing funding shift proposal in NP-2, which would move all program funding from federal special revenue in HB 2 to a HB 576 enterprise fund, then this proposal would be incorporated into that new proposal.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$45,000	FY04	\$0
FY05	\$5,000	FY05	\$0

NP- 8 - HOME Project Administration Software - OTO

It is recommended that the 10-year old manual program and administration tracking system in the HOME program be replaced with an automated software system.

Department Of Commerce-6501 **Director/management Services-81**



Program Description - The Director's Office/Management Services Division consists of two programs, the Director's Office and the Management Services Division. The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively-attached boards, public and private interest groups, the Legislature, Indian tribes, individuals, and the Governor's office. The Management Services Division provides internal support to all agency divisions, bureaus, and programs. Services provided by the Management Services Division include accounting and fiscal, budgeting and information systems, contracting and purchasing, human resources, payroll, and training.

The division is funded by an internal service proprietary fund from indirect costs charged to all agency programs, and no direct appropriations are provided in HB 2. The Director's Office/Management Services Division is mandated primarily in Title 2, Chapter 15; Title 17, Chapters 1 - 8; Title 37, Chapter 1; and Title 90, Chapter 1, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	2,041	5	0	2,046	5	0	2,046
Total Costs	\$2,041	\$5	\$0	\$2,046	\$5	\$0	\$2,046
Federal Special	2,041	5	0	2,046	5	0	2,046
Total Funds	\$2,041	\$5	\$0	\$2,046	\$5	\$0	\$2,046

Please note that a HB 576 section exists for this program.



PUBLIC SAFETY AND JUSTICE

Crime Control Division
Department of Justice
Public Service Regulation

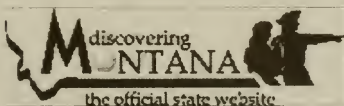
Department of Corrections
Department of Labor & Industry
Department of Military Affairs

OBPP Staff*

Brent Doig
Christi Moyer

x4118
x4895

*See Reference Page 1 for specific staff assignments



Crime Control Division-4107 Justice System Support Service-01

4107 Board of Crime Control
Jim Oppedahl, Executive
Director x3615

01 Justice System Support
Service

Mission Statement - To promote public safety, crime prevention, and victim assistance by strengthening the coordination and performance of both the criminal justice and juvenile justice systems in partnership with citizens, government, and communities.

Statutory Authority - 2-15-2006 and 44-4-301, MCA, create and define the board; 41-5-1901, MCA, youth detention services grants; Title 53, Chapter 9, part 1, MCA, Victims Compensation Act; 42 USC 4760 Anti-Drug Abuse Act; 42 USC 10603 Victims of Crime Act; 42 USC 3796 Stop Violence Against Women Act; 42 USC 3701 National Criminal History Improvement Program; 42 USC 5601 Juvenile Justice and Delinquency Prevention Act; and USC 13701 Violent Crime Control and Law Enforcement Act.

Program Description - The Montana Board of Crime Control is the state's designated planning and program development agency for the criminal justice system. The Crime Control Division provides financial support, technical assistance, and supportive services to state and local criminal justice agencies. The board provides funding to local, regional and statewide projects with the central goal of making Montana a safer state.

The Crime Control Division administers federal anti-drug and anti-crime grants, certifies peace officers and others in the Criminal Justice system, provides funding for juvenile justice programs and provides assistance and compensation to victims of crime. It also collects and analyzes crime data from Montana law enforcement agencies and publishes the annual Crime in Montana report. The division is established in 2-15-2006, MCA.

Language Recommendations - "All remaining federal pass-through grant appropriations, including reversions, for the 2003 biennium are authorized to continue and are appropriated in fiscal year 2004 and fiscal year 2005."

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	18.00	2.00	0.00	20.00	2.00	0.00	20.00
Personal Services	764,425	142,242	0	906,667	143,017	0	907,442
Operating Expenses	484,281	5,881	6,250	496,412	3,146	6,250	493,677
Equipment	7,016	0	0	7,016	0	0	7,016
Grants	10,842,347	(184,415)	0	10,657,932	(184,415)	0	10,657,932
Total Costs	\$12,098,069	(\$36,292)	\$6,250	\$12,068,027	(\$38,252)	\$6,250	\$12,066,067
General Fund	1,794,097	(149,038)	0	1,645,059	(146,968)	0	1,647,129
State/Other Special	0	0	0	0	0	0	0
Federal Special	10,303,972	112,746	6,250	10,422,968	108,716	6,250	10,418,938
Total Funds	\$12,098,069	(\$36,292)	\$6,250	\$12,068,027	(\$38,252)	\$6,250	\$12,066,067

----- Agency General Fund Target - \$3.29 million -----

**Crime Control Division-4107
Justice System Support Service-01**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$46,612	FY04	\$0
FY05	\$44,486	FY05	\$0

PL- 3 - Criminal Justice Analyst -

Federal formula block grant funds are recommended for 1.00 FTE criminal justice analyst to provide the board, state and local criminal justice practitioners, and public policy makers with analytical and statistical information upon which to make informed and cost-effective decisions. Primary tasks of the analyst will be to conduct research and analysis of criminal and juvenile justice issues that affect the performance of the justice system and to increase the participation of law enforcement in the National Incident Based Reporting System by enhancing law enforcement use of automated record systems and reporting capabilities. Federal funds also support the operating costs and initial workstation.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$43,254	FY04	\$4,325
FY05	\$41,139	FY05	\$4,114

PL- 4 - Juvenile Justice -

The Juvenile Justice Unit within the Grants Management Bureau is recommended for 1.00 FTE to provide increased services and proactive responses for juvenile justice in Montana. The Juvenile Justice Unit has experienced a 155 percent growth in federal funds since FY 1997 and the number of grants increased from 18 to 60. Federal funds will pay 90 percent of the position and related operating expenses; the 10 percent general fund match has been offset by agency reductions in other areas.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$220,294)	FY04	(\$220,294)
FY05	(\$220,293)	FY05	(\$220,293)

PL- 7001 - Target reductions -

These reductions are being made to reduce agency budget request to target. These general fund reductions are \$220,293 in FY 2004 and \$220,293 in FY 2005.

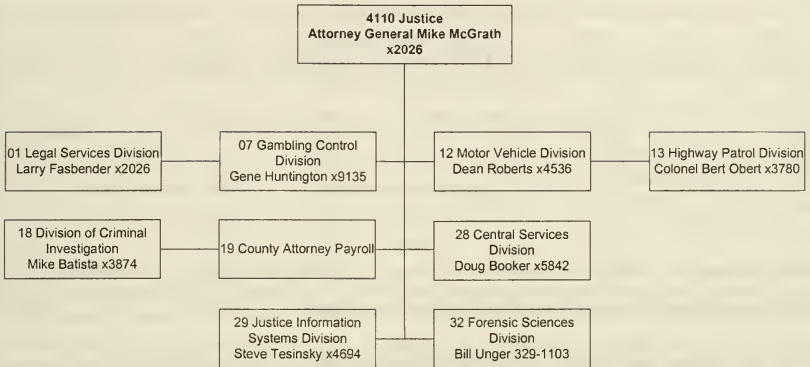
----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$6,250	FY04	\$0
FY05	\$6,250	FY05	\$0

NP- 5 - Legal Services -

Currently, the MBCC receives services from the Department of Justice Appellate Legal Services Bureau and legal services team. Workload has been growing steadily to the point where they can no longer provide the needed MBCC services. The request is for a contract with the Agency Legal Services Bureau for most MBCC legal needs, projected at 200-plus hours per year, based on review of prior years. These expenditures will be paid for with federal grant monies.

Department Of Justice-4110



Mission Statement - To pursue activities and programs that seek to ensure and promote the public interest, safety and well-being through leadership, advocacy, education, regulation, and enforcement.

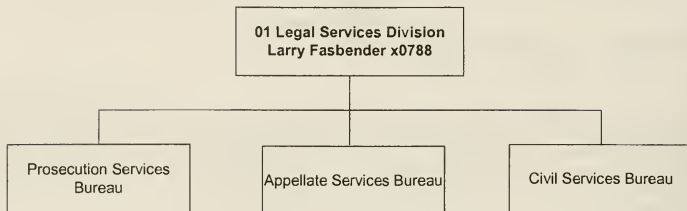
Statutory Authority - 2-15-501, 2-15-2001 through -2021, and Title 44, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	713.20	3.00	(1.45)	714.75	3.00	(3.45)	712.75
Personal Services	30,662,678	3,137,141	(73,687)	33,726,132	3,247,205	(226,058)	33,683,825
Operating Expenses	14,289,109	848,676	(221,070)	14,916,715	335,517	(31,634)	14,592,992
Equipment	1,592,615	141,565	0	1,734,180	266,481	0	1,859,096
Benefits & Claims	804,398	83,982	0	888,380	83,982	0	888,380
Transfers	0	0	25,000	25,000	0	25,000	25,000
Debt Service	770,160	1,289,144	3,900,000	5,959,304	(6,856)	0	763,304
Total Costs	\$48,118,960	\$5,500,508	\$3,630,243	\$57,249,711	\$3,926,329	(\$232,692)	\$51,812,597
General Fund	23,647,394	2,055,727	(2,359,202)	23,343,919	1,624,662	(2,309,335)	22,962,721
State/Other Special	21,081,629	3,058,398	5,409,741	29,549,768	1,913,404	1,512,395	24,507,428
Federal Special	2,700,049	224,648	622,083	3,546,780	230,954	606,871	3,537,874
Proprietary	689,888	161,735	(42,379)	809,244	157,309	(42,623)	804,574
Total Funds	\$48,118,960	\$5,500,508	\$3,630,243	\$57,249,711	\$3,926,329	(\$232,692)	\$51,812,597

----- Agency General Fund Target - \$46.31 million -----

Department Of Justice-4110

Legal Services Division-01



Program Description - The Legal Services Division provides 1) the Attorney General with legal research and analysis; 2) legal counsel for state government officials, bureaus, and boards; 3) legal assistance to local governments and Indian tribes; and 4) legal assistance, training, and support for county prosecutors.

Indian Legal Jurisdiction provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of private attorneys contracted by the state to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

County Prosecutor Services provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. County Prosecutor Services also provides prosecutor services to the Eastern Coal Counties Drug Task Force and the Western Montana Special Investigation Section and coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel.

Office of Victim Services and Restorative Justice is a consolidated effort to elevate the status and respond to the needs of victims of crime in Montana. The office also provides the cross-training and coordination with local law enforcement to more fully address the broad needs of victims.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Criminal Appeals & Complex Civil Litigation – New Cases Opened	324	350	481	350	355	355
Issue AG Opinions & Letters of Advice	15	21	29	25	30	30
Assist and provide training to County Attorneys – New Matters Opened	175	119	107	135	140	140

Department Of Justice-4110

Legal Services Division-01

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	50.00	0.00	0.00	50.00	0.00	0.00	50.00
Personal Services	2,563,501	169,652	19,366	2,752,519	172,515	19,228	2,755,244
Operating Expenses	789,099	123,923	10,794	923,816	(266,558)	10,794	533,335
Equipment	0	(4,593)	0	(4,593)	(4,593)	0	(4,593)
Benefits & Claims	804,398	83,982	0	888,380	83,982	0	888,380
Debt Service	2,500	0	0	2,500	0	0	2,500
Total Costs	\$4,159,498	\$372,964	\$30,160	\$4,562,622	(\$14,654)	\$30,022	\$4,174,866
General Fund	3,439,681	346,826	(36,032)	3,750,475	(42,134)	(36,008)	3,361,539
State/Other Special	366,095	(59,427)	0	306,668	(58,272)	0	307,823
Federal Special	353,722	85,565	66,192	505,479	85,752	66,030	505,504
Total Funds	\$4,159,498	\$372,964	\$30,160	\$4,562,622	(\$14,654)	\$30,022	\$4,174,866

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$83,982	FY04 \$0
FY05 \$83,982	FY05 \$0

PL- 101 - Crime Victims Federal Authority -

The federal government matches state general fund expenditures on claims paid to victims of crime through the Crime Victims Compensation Program. The federal match is based on general fund expenditures during a 12 month period measured two years prior to the current federal fiscal year. Beginning in FY 2004 the federal share will increase from 40 percent to 60 percent. The department is requesting an increase of federal spending authority of \$83,982 in each year of the biennium to pay victims of crime.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$93,012	FY04 \$93,012
FY05 (\$306,988)	FY05 (\$306,988)

PL- 103 - Major Litigation -

These costs are associated with litigation in which the Legal Services Division must provide representation for the State of Montana. The on-going cases include mining regulation, laws regulating game farms, the constitutionality of the state public defender system, and enforcement of the state tobacco settlement. Funding will also be needed for an anticipated challenge to the state system for school funding. These expenditures typically involve lawsuits filed against the State of Montana. The anticipated cost of defense varies depending on whether a case is disposed of by legal motions or after trial, and if the case requires expensive consultants and expert witnesses. Biennial appropriations are split between the two fiscal years; however, budget preparation requires the full amount to be shown in the first year of the biennium. General fund of \$93,012 is requested to return the major litigation biennial appropriation to the \$400,000 level. This is the level established by the 57th Legislature, which is \$100,000 less than the historical figure of \$500,000.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$80,265)	FY04 (\$80,265)
FY05 (\$80,289)	FY05 (\$80,289)

PL- 7002 - On-going Special Session Reductions -

On-going special session reductions for the Legal Services Division total \$160,554 of general fund for the biennium. This includes cuts for travel, office supplies, equipment, personal services one percent, and 20 percent reduction in funding the pay plan.

Department Of Justice-4110
Legal Services Division-01

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$66,192	FY04	\$0
FY05	\$66,030	FY05	\$0

NP- 102 - Funding Authority for Restorative Justice Office -

The department is requesting federal funding authority for the Restorative Justice Program. The 57th Legislature established the program with HB 637. The legislation acknowledged the high cost of incarcerating offenders and recognized that jail time may not be the most effective strategy for restoring victims, reforming offenders and decreasing recidivism. Instead, the restorative justice program allows appropriate offenders who are at low risk for violence to participate in community programs based on restorative justice. Federal authority of \$66,192 is requested for FY 2004 and \$66,030 for FY 2005. This is for 1.00 FTE and operating expenses.

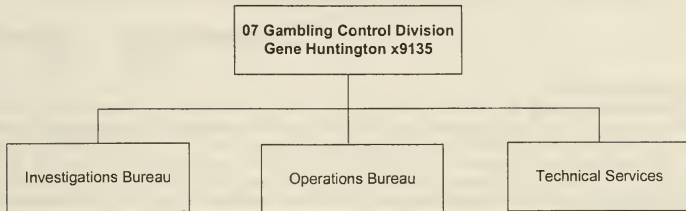
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$36,032)	FY04	(\$36,032)
FY05	(\$36,008)	FY05	(\$36,008)

NP- 7001 - Legal Services FTE Reduction -

This decision package includes eliminating an administrative support position that will become vacant and save \$72,040 of general fund over the biennium. Holding this position open was part of special session reductions.

Department Of Justice-4110

Gambling Control Division-07



Program Description - The Gambling Control Division was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting and distributing licensing fees for gambling machines and activities, the division is responsible for collecting the gambling tax assessed on the net proceeds of gambling activities, and investigative functions relating to alcoholic beverage licensing and tobacco enforcement. The gambling control program operates as a state mandate. An appointed Gaming Advisory Council of nine members provides advisory services to the Attorney General to ensure uniform statewide regulation of gambling activities.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Video Gambling Machine Tax Collected ¹	\$40.5M	\$41.56M	\$43.84M	\$45.51M	\$47.24M	\$49.03M
All Gambling Permits Issued ²	19,915	21,498	20,864	20,272	19,698	19,140
Liquor & Gambling License Investigations ³	688	715	703	703	703	703

Footnotes: 1. Assumes 3.8% annual revenue growth. 2. Assumes VGM permits will decline by 3% per year and other permits will decline 1% per year. 3. Assumes total number of investigations will remain stable with combined applications constituting 42.9%, liquor only 40.8% and gambling only 16.2%.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	47.50	0.00	(3.00)	44.50	0.00	(3.00)	44.50
Personal Services	2,001,223	216,894	(138,273)	2,079,844	214,393	(139,114)	2,076,502
Operating Expenses	894,642	11,070	(113,350)	792,362	16,123	(113,350)	797,415
Equipment	0	56,000	0	56,000	42,000	0	42,000
Debt Service	1,815	0	0	1,815	0	0	1,815
Total Costs	\$2,897,680	\$283,964	(\$251,623)	\$2,930,021	\$272,516	(\$252,464)	\$2,917,732
General Fund	380,000	(41,800)	(107,350)	230,850	(41,800)	(107,350)	230,850
State/Other Special	1,851,853	166,993	(102,434)	1,916,412	158,864	(103,031)	1,907,686
Proprietary	665,827	158,771	(41,839)	782,759	155,452	(42,083)	779,196
Total Funds	\$2,897,680	\$283,964	(\$251,623)	\$2,930,021	\$272,516	(\$252,464)	\$2,917,732

**Department Of Justice-4110
Gambling Control Division-07**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$176,200	FY04	(\$41,800)
FY05	\$162,200	FY05	(\$41,800)

PL- 701 - Budget Adjustments -

The division requests to annualize the operating expenses for positions that were held vacant during the base year, renew authority to contract for an imaging system, cover communications expenses for the automated accounting and reporting system (AARS), and to re-establish its vehicle replacement cycle of four vehicles in FY 2004 and three vehicles in FY 2005. The total requested funding for FY 2004 is \$154,780 from state special revenue and \$63,220 from proprietary funds. In FY 2005 the requested funding is \$144,840 from state special revenue and \$59,160 from proprietary. These adjustments are offset by continuing the special session reductions of \$38,000 in operating costs and \$3,800 in personal services each fiscal year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$85,430)	FY04	(\$85,430)
FY05	(\$85,216)	FY05	(\$85,216)

PL- 702 - Maintain AARS at Current Level -

The division is funding AARS related FTE from the appropriated amounts set by the last Legislature. Funding FTE requires a corresponding reduction in contracted services to maintain AARS current level expenditures. Personal service costs will be \$85,430 in FY 2004 and \$85,216 in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$5,781)	FY04	\$0
FY05	(\$6,239)	FY05	\$0

PL- 704 - Delete Motor Pool Lease Vehicle -

The division will no longer lease a vehicle from the State Motor Pool. This will reduce the division base by \$5,781 in FY 2004, and \$6,239 in FY 2005. The funding sources are gambling state special revenue and liquor proprietary funds.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$144,273)	FY04	\$0
FY05	(\$145,114)	FY05	\$0

NP- 703 - Reduce FTE -

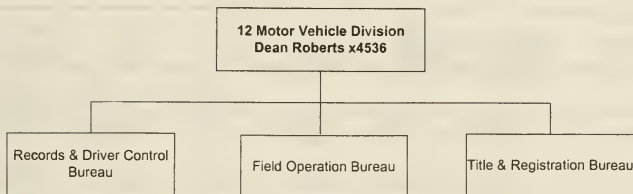
The gambling state special revenue fund, which consists of the state share of gambling permit and license fees, has declined. The division found it necessary to propose the elimination of 3.00 FTE, which became vacant during the 2003 biennium and have not been filled. There is a reduction of \$144,273 in FY 2004 (\$102,434 in gambling state special revenue and \$41,839 in liquor proprietary funds), and \$145,114 in FY 2005 (\$103,031 in gambling and \$42,083 in liquor funds).

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$107,350)	FY04	(\$107,350)
FY05	(\$107,350)	FY05	(\$107,350)

NP- 705 - Additional Reduction in AARS -

The executive recommends reducing part of the annual \$380,000 general fund budget for the Automated Accounting and Reporting System by \$107,350 for each fiscal year. This amount is what the division originally planned to spend on data collection servers. As a result, volunteer locations will now have to purchase these computers in order to participate in the system.

Department Of Justice-4110 Motor Vehicle Division-12



Program Description - The Motor Vehicle Division (MVD), under provision of Title 61 and Title 23, MCA, and certain federal statutes is responsible for: 1) examination and licensure of all drivers; 2) creation and maintenance of permanent driver and motor vehicle records; 3) titling and registration of all vehicles including boats, snowmobiles and ATVs; 4) inspection and verification of vehicle identification numbers; 5) licensure and compliance control of motor vehicle dealers and manufacturers; and 6) providing motor voter registration.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Issue titles for new and used vehicles:						
Title Transactions	496,969	388,104	444,422	448,800	453,200	457,700
Provide for motor vehicle registration						
Vehicles Registered	1,115,676	1,141,617	1,117,152	1,128,300	1,139,500	1,150,800
Renewal Notices Issued	861,753	887,744	908,652	917,700	926,800	936,000
Process motor vehicle lien filings/releases						
Lien filings processed	193,690	152,190	185,614	187,400	189,200	191,000
Lien releases processed	88,592	129,212	130,118	131,400	132,700	134,000
Regulate motor vehicle dealers/manufacturers in MT*						
Dealers and Manufacturers licensed	1,460	1,584	1,438	1,440	1,440	1,440
Provide driver licensing services statewide						
Driver's licenses issued**	146,861	121,505	123,070	124,300	125,500	126,700
Motor voter registrations processed	26,102	19,798	20,168	20,300	20,500	20,700
Perform special extended driver licensing investigations and hearings						
Special investigations and hearings conducted	52	30	47	50	55	60
Provide vehicle identification number (VIN) inspection services						
VIN inspections	964	993	1,263	1,275	1,300	1,325
Create, maintain and disseminate driver records						
Documents imaged***	625,652	183,630	288,339	400,000	404,000	408,040
Convictions recorded	106,315	94,004	97,611	98,500	99,600	100,600
Administer license revocations, suspension, cancellations and reinstatements						
Revocations, suspensions, cancellations, and probationary licenses issued	27,813	28,835	29,811	30,800	31,900	33,000

* Dealer law change, ** Conversion to 8-yr driver licensing system completed in October 1999, *** Archived paper files conversion

**** Minor in possession law change

Department Of Justice-4110

Motor Vehicle Division-12

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	161.60	0.00	(7.45)	154.15	0.00	(9.45)	152.15
Personal Services	4,654,484	523,869	(179,091)	4,999,262	528,411	(250,938)	4,931,957
Operating Expenses	3,849,765	574,878	(443,872)	3,980,771	399,872	(238,696)	4,010,941
Debt Service	155,132	1,289,144	3,900,000	5,344,276	(6,856)	0	148,276
Total Costs	\$8,659,381	\$2,387,891	\$3,277,037	\$14,324,309	\$921,427	(\$489,634)	\$9,091,174
General Fund	8,220,327	1,098,747	(622,963)	8,696,111	928,283	(489,634)	8,658,976
State/Other Special	439,054	1,289,144	3,900,000	5,628,198	(6,856)	0	432,198
Total Funds	\$8,659,381	\$2,387,891	\$3,277,037	\$14,324,309	\$921,427	(\$489,634)	\$9,091,174

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$452,135	FY04	\$452,135
FY05	\$253,811	FY05	\$253,811

PL- 1201 - Motor Vehicle Operations Adjustments -

Base budget adjustments for the Title and Registration Bureau are necessary in the areas of printing, postage and freight, travel, leased vehicles, and telephone system maintenance. A total of \$452,135 in FY 2004 and \$253,811 in FY 2005 in general fund is requested. This request includes \$251,415 for the new license plate issue mandated in FY 2004. (See NP-8001 on the next page for the companion recommendation.)

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$49,249	FY04	\$49,249
FY05	\$52,647	FY05	\$52,647

PL- 1202 - Driver Licensing Operations Adjustments -

In order for the Motor Vehicle Division to continue to meet ongoing driver licensing and driver control responsibilities, budget adjustments are necessary to restore zero-based overtime and increase operating for computer processing services, rent, and vehicle maintenance. These adjustments for present law operations total \$101,896 of general fund for the biennium. The budgets for the Motor Vehicle Division Administrative Section, Field Operations Bureau, and Records and Driver Control Bureau have been combined in this package.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,289,144	FY04	\$0
FY05	(\$6,856)	FY05	\$0

PL- 1203 - HB 577 Debt Payments -

Budget adjustments for HB 577 debt payments are necessary to fund the Motor Vehicle System, Phase One, Tinting System project. A total of \$1,296,000 in state special revenue authority is requested for the biennium as a biennial appropriation.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$179,091)	FY04	(\$179,091)
FY05	(\$276,904)	FY05	(\$276,904)

NP- 1205 - Eliminate 9.45 FTE -

A total of 9.45 FTE in the division are recommended to be eliminated for a general fund savings of \$455,995 for the biennium. These positions consist of two administrative support positions, approximately five licensing/permitting clerks, and two compliance specialists.

Department Of Justice-4110
Motor Vehicle Division-12

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$40,000)	FY04	(\$40,000)
FY05	(\$40,000)	FY05	(\$40,000)

NP- 1206 - Reduction of Motor Pool Vehicles -

This budget savings will be achieved through reducing eight State Motor Pool vehicles. Instead of using motor pool vehicles, the division will use recycled highway patrol cars. The estimated savings total \$80,000 of general fund for the biennium.

----- **Other Legislation Required to Implement HB 2** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$251,415)	FY04	(\$251,415)
FY05	\$0	FY05	\$0

NP- 8001 - Delay Requirement for New License Plates -

Legislation (LC 162) will be presented to the 2003 Legislature to delay the new general issuance of license plates from calendar year 2004 to year 2008. The general fund savings for this biennium in the department is \$251,415. There also will be a significant savings in the Department of Corrections.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$152,457)	FY04	(\$152,457)
FY05	(\$172,730)	FY05	(\$172,730)

NP- 8002 - Reduce Number of Decals -

Upon passage and approval of legislation, only one registration decal for the rear of all motor vehicles including recreational vehicles will be required in the future. This bill will generate a savings of \$325,187 of general fund over the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,900,000	FY04	\$0
FY05	\$0	FY05	\$0

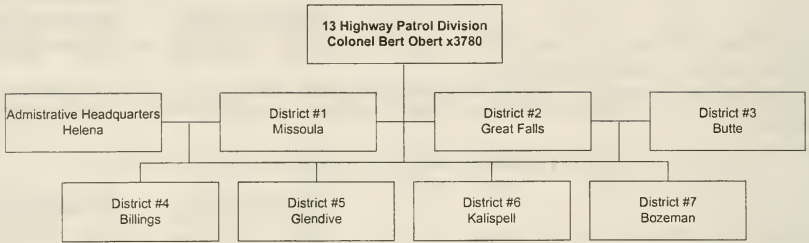
NP- 8003 - Motor Vehicle Registration Automation -

The executive supports the department moving forward with Phase Two of the motor vehicle business process automation project initiated last legislative session in HB 577. It will cost \$20 million to reengineer the motor vehicle registration and driver license business processes and computer systems. The department requests this project be funded through another loan issued by the Board of Investments. The costs would be paid within 10 years from the date of issue. The \$2.2 million per year payment for the loan would be serviced through a \$5 per title transaction fee. The department will request legislation.

Of the nearly \$2.4 million that this \$5/year increase would generate, approximately \$2.2 million would be needed to repay the loan. Authorization for \$3.9 million state special revenue for the biennium is requested in HB 2 to repay the loan.

Department Of Justice-4110

Highway Patrol Division-13



Program Description - The Highway Patrol Division (HPD) is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic crashes. The patrol gives assistance and information to motorists and first aid to those injured in traffic crashes, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24 x seven communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program in all levels of inspections as well as safety review audits.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Increase seatbelt enforcement by 2% per year	* n/a	* n/a	12,704	12,958	13,217	13,481
Install mobile data terminals in 10% of Patrol cars per year	* n/a	* n/a	10	13	21	21
Increase commercial vehicle inspections by 3% per year	10,045	12,104	12,164	12,529	12,904	13,291
Maintain Patrol traffic availability	45.4%	44.9%	46.7%	46.7%	46.7%	46.7%

* These are new indicators beginning in FY 2002.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	272.55	0.00	2.00	274.55	0.00	2.00	274.55
Personal Services	12,593,945	1,318,351	108,737	14,021,033	1,335,792	108,654	14,038,391
Operating Expenses	4,509,527	125,598	24,846	4,659,971	198,054	24,846	4,732,427
Equipment	1,448,215	179,860	0	1,628,075	317,426	0	1,765,641
Total Costs	\$18,551,687	\$1,623,809	\$133,583	\$20,309,079	\$1,851,272	\$133,500	\$20,536,459
General Fund	1,164,745	2,249	0	1,166,994	38,548	0	1,203,293
State/Other Special	16,614,943	1,574,176	133,583	18,322,702	1,762,134	133,500	18,510,577
Federal Special	771,999	47,384	0	819,383	50,590	0	822,589
Total Funds	\$18,551,687	\$1,623,809	\$133,583	\$20,309,079	\$1,851,272	\$133,500	\$20,536,459

**Department Of Justice-4110
Highway Patrol Division-13**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$739,193	FY04	\$26,238
FY05	\$897,989	FY05	\$62,633

PL- 1301 - Base Adjustments Operations -

The Highway Patrol budget supports the uniformed officers in seven districts, officers and support staff in headquarters, the aircraft unit, radio technicians, and the three communication/dispatch centers. The adjustments in this proposal are the result of increased operation costs in critical areas where the MHP has little or no control over the costs. The major increases occur in overtime, prisoner per diem, and equipment. A total of \$1,723,968 is requested for the biennium. This increase is funded with \$1,548,311 of state special gas tax and \$175,657 of general fund.

In addition, the executive recommends continuing special session reductions totaling \$86,786 of general fund for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$32,110	FY04	\$0
FY05	\$32,110	FY05	\$0

PL- 1302 - Base Adjustments Recruit Training School -

The MHP annually conducts a Recruit Training School to train new recruits to fill vacancies. The Recruit Training School consists of 14 weeks of on-campus training and eight weeks of field training. The increase is necessary due to fewer recruits entering the recruit school. The MHP is requesting to annualize the cost to provide for 25 recruits per year in the Recruit Training School. A total increase of \$64,220 (\$32,110 in FY 2004 and \$32,110 in FY 2005) in state special gas tax is requested for the biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$291,466	FY04	\$0
FY05	\$295,472	FY05	\$0

PL- 1303 - Operating Adjustments MCSAP -

The Motor Vehicle Inspection Bureau is responsible for the Motor Carrier Safety Assistance Program (MCSAP) for the entire state. Bureau personnel perform inspections and compliance reviews, enter and upload data, provide training, assistance and investigation at crash scenes involving commercial motor vehicles. The bureau also enforces adopted federal and state regulations regarding hazardous material and safety by inter-state and intra-state commercial motor carriers. Increases are related to salary authority, overtime, and equipment (vehicle replacement). A total of \$586,938 is requested for the biennium of which \$582,993 is federal funds and \$3,945 is state special gas tax funds.

----- **New Proposals** -----

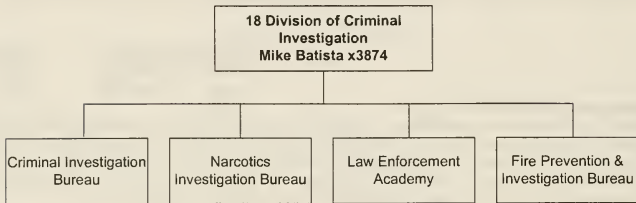
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$133,583	FY04	\$0
FY05	\$133,500	FY05	\$0

NP- 1304 - Executive Protection -

The Montana Highway Patrol is requesting 2.00 FTE and spending authority for salaries and expenses to continue executive protection for the Governor. The authority requested is \$133,583 in FY 2004 and \$133,500 in FY 2005 of state special funds. The MHP will bill the governor's office for services and will be reimbursed with general fund money from the Governor's budget. No state special gas tax funds are requested.

Department Of Justice-4110

Division Of Criminal Investigation-18



Program Description - The Division of Criminal Investigation includes the administration, management, and coordination of criminal investigative services and training performed by the Investigations Bureau, the Narcotics Bureau, the Fire Prevention and Investigation Bureau, and the Law Enforcement Academy Bureau. Investigators conduct criminal investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, computer crime, dangerous drug activity, and other felony crimes. The division also has specialized criminal investigation units for the following fraud investigation: 1) workers' compensation, 2) public assistance, 3) Medicaid, and 4) legislative audits. The Fire Prevention and Investigation Bureau is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions. The Montana Law Enforcement Academy provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel. The academy provides an annual curriculum specifically designed to meet the needs of the adult and juvenile criminal justice systems. The Division of Criminal Investigation operates under both state and federal mandates.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Investigations and cases	596	543	478	Unable to Predict		
Fire/Life Safety Inspections	620	923	1044	750	750	750
Training provided by non-MLEA staff	93	207	279	175	175	175
Number of Programs offered by MLEA	287	567	568	475	475	475
Officers trained at MLEA	1576	2606	1824	2000	2000	2000
Officers trained regionally for POST credit	3599	6007	6963	5500	5500	5500

Department Of Justice-4110

Division Of Criminal Investigation-18

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	74.50	2.00	3.00	79.50	2.00	3.00	79.50
Personal Services	3,315,464	386,850	115,091	3,817,405	395,705	114,485	3,825,654
Operating Expenses	1,709,536	(45,570)	228,036	1,892,002	(37,330)	213,646	1,885,852
Equipment	18,830	(333)	0	18,497	(333)	0	18,497
Transfers	0	0	25,000	25,000	0	25,000	25,000
Debt Service	78,844	0	0	78,844	0	0	78,844
Total Costs	\$5,122,674	\$340,947	\$368,127	\$5,831,748	\$358,042	\$353,131	\$5,833,847
General Fund	3,456,108	282,433	(1,312,819)	2,425,722	295,714	(1,317,773)	2,434,049
State/Other Special	356,722	5,676	1,175,853	1,538,251	6,109	1,179,405	1,542,236
Federal Special	1,309,844	52,838	505,093	1,867,775	56,219	491,499	1,857,562
Total Funds	\$5,122,674	\$340,947	\$368,127	\$5,831,748	\$358,042	\$353,131	\$5,833,847

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$10,000	FY04	\$10,000
FY05	\$10,000	FY05	\$10,000

PL- 1801 - Required Public Safety Communicators Courses -

The Montana Law Enforcement Academy (MLEA) of the Division of Criminal Investigation requests funding in order to double the number of Public Safety Communicators basic courses it provides. Since July 2001, all public safety communicators (dispatchers) are required to attend this basic course within one year of hire in accordance with 7-31-203(2)(b), MCA. This new requirement has dramatically increased demand for basic dispatcher training. The division requests a total of \$20,000 in general fund for the 2005 biennium. This request will be completely offset by the \$165 per trainee tuition the division collects and deposits into the general fund.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$12,263)	FY04	(\$12,263)
FY05	(\$12,263)	FY05	(\$12,263)

PL- 1804 - FTE for Maintenance of MLEA -

The Division of Criminal Investigation requests 2.00 FTE custodians to improve janitorial services at the Montana Law Enforcement Academy. The 2001 Legislature appropriated over \$49,000 per year for janitorial services at the academy. The janitorial contract allowed for two people to spend two hours per day cleaning about 10 buildings, which total over 90,000 square feet. This request is to transfer the funds from operating expenses to personal services and authorize the FTE so DCI can hire 2.00 FTE for eight hours a day to clean and maintain the buildings with no increase in funding. In addition, the executive recommends continuing the special session reductions in operating and equipment totaling \$24,526 general fund savings for the biennium.

Department Of Justice-4110
Division Of Criminal Investigation-18

----- **New Proposals** -----

NP- 1802 - Eastern Montana Drug Task Force -

The executive recommends spending authority within the Division of Criminal Investigation for 1.00 FTE criminal investigator and 1.00 FTE administrative support to manage the Eastern Montana Drug Task Force. For the past 15 years, local law enforcement in eastern Montana have managed this grant-funded task force. In FY 2002 management difficulties prompted the task force to request that DCI assume these management responsibilities. Since DCI already manages two similar task forces, the division has the experience to assume its operation. The division requests a total of \$379,622, which includes \$94,906 of state special revenue and \$284,716 of federal funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$189,811	FY04	\$0
FY05	\$189,811	FY05	\$0

NP- 1803 - High Intensity Drug Traffic Area Funding -

There is requested 1.00 FTE crime analyst and the federal funding necessary for the division to participate in the Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) program. The mission of the Rocky Mountain HIDTA is to more effectively combat drug trafficking problems by improving cooperation and coordination among the federal, state and local law enforcement agencies involved. In 2001, Montana's congressional delegation successfully worked to have Montana included in this federal drug enforcement program. As a HIDTA state, Montana will receive \$1 million in federal funding each year to combat methamphetamine production and distribution, and other drug trafficking. For the 2005 biennium, the division requests 1.00 FTE and \$109,538 federal funds, which is the division's share of Montana HIDTA funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$54,769	FY04	\$0
FY05	\$54,769	FY05	\$0

NP- 1805 - Legislative Contract Authority -

This proposal recommends state special revenue legislative contract authority (LCA) to allow the division flexibility to spend tuition collected by students attending professional courses at the MLEA. The courses are primarily to train experienced law enforcement officers in changes in law enforcement practices, advanced skill-based courses and management courses. LCA was approved for the 2003 biennium; however, since it is always a one-time-only appropriation, \$50,000 in authority is requested for the 2005 biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$25,000	FY04	\$0
FY05	\$25,000	FY05	\$0

NP- 1806 - Homeland Security Program -

This decision package requests 1.00 FTE criminal investigator and 2.00 FTE crime analysts to support Montana Homeland Security initiatives with \$449,023 federal funds for the 2005 biennium. Montana has an important role in preventing and mitigating terrorist activities from occurring on U.S. soil, especially Montana's shared border with Canada, which is by all accounts unsecured and the identities of those crossing the border unknown to most law enforcement agencies. The staff and federal funds will enhance the state's intelligence, collection and analysis capabilities.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$231,890	FY04	\$0
FY05	\$217,133	FY05	\$0

Department Of Justice-4110
Division Of Criminal Investigation-18

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$133,343)	FY04	(\$209,419)
FY05	(\$133,582)	FY05	(\$210,821)

NP- 7001 - Eliminate 3 FTE/ 1 FTE Fund Switch -

The executive recommends eliminating 3.00 FTE within the Division of Criminal Investigation. These positions consist of two deputy fire marshals and one administrative support position. These reductions were part of the special session reductions. The fund switch for the grant writer position will replace general fund with federal funds. The total general fund savings for all positions is \$420,240 for the biennium.

----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$1,103,400)
FY05	\$0	FY05	(\$1,106,952)

NP- 8003 - Fund Switch MLEA Pending Legislation -

The executive is supporting a fund switch for the Montana Law Enforcement Academy. Legislation will be presented to the 2003 Legislature to allow a fund switch from general fund to state special revenue. The funding source for the state special revenue account will be generated from a surcharge on civil and criminal cases in all courts of limited jurisdictions. In FY 2002, there were an estimated 165,971 cases in these categories. A seven-dollar surcharge would offset the current general fund budget of \$1,103,400 in FY 2004 and \$1,106,952 in FY 2005.

Department Of Justice-4110 County Attorney Payroll-19

Program Description - The County Attorney Payroll program pays approximately half of the salary and benefits for the attorneys who serve Montana's 56 counties, as required by 7-4-2502, MCA. County compensation boards within each county determine county attorney salaries. By law, the state's contribution is limited to the general fund amount the Legislature appropriates for this program. The state's contribution may be less than half of the board-approved salary.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	21.55	0.00	0.00	21.55	0.00	0.00	21.55
Personal Services	1,634,822	136,152	(147,634)	1,623,340	214,639	(226,121)	1,623,340
Total Costs	\$1,634,822	\$136,152	(\$147,634)	\$1,623,340	\$214,639	(\$226,121)	\$1,623,340
General Fund	1,634,822	136,152	(147,634)	1,623,340	214,639	(226,121)	1,623,340
Total Funds	\$1,634,822	\$136,152	(\$147,634)	\$1,623,340	\$214,639	(\$226,121)	\$1,623,340

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$59,559)	FY04 (\$59,559)
FY05 (\$59,559)	FY05 (\$59,559)

PL- 1901 - County Attorney Pay -

State statute 7-4-2502(2)(a), MCA, provides that one-half of county attorney salaries are paid from the state treasury, providing the county informs the department of the amount required in time for inclusion in the budget. Because not all counties hired the FTE for which FY 2003 budgets were requested the unspent funds were used to attain the 17-7-140, MCA, budget reductions and the special session reductions. This present law decision package continues \$119,118 of general fund reductions over the biennium, consistent with other programs in state government continuing those reductions.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$147,634)	FY04 (\$147,634)
FY05 (\$226,121)	FY05 (\$226,121)

NP- 1902 - Reductions in Personal Services -

This reduction in personal services offsets an increase in budgeted amounts for 50 percent of county attorney salaries which should not have been rolled forward automatically. The 57th Legislature changed the statute so the salaries are set annually by county compensation boards. At the same time, statute was amended in 17-7- 112(2)(b), MCA, to limit the state's share to the amount appropriated. The general fund reduction is \$373,755 for the biennium.

Department Of Justice-4110 Central Services Division-28

**28 Central Services Division
Doug Booker x5842**

Program Description - The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	15.00	0.00	0.00	15.00	0.00	0.00	15.00
Personal Services	563,937	94,281	0	658,218	94,500	0	658,437
Operating Expenses	125,247	50,511	0	175,758	(4,562)	0	120,685
Total Costs	\$689,184	\$144,792	\$0	\$833,976	\$89,938	\$0	\$779,122
General Fund	294,457	59,992	(11,610)	342,839	36,656	(11,610)	319,503
State/Other Special	380,865	81,836	12,150	474,851	51,425	12,150	444,440
Proprietary	13,862	2,964	(540)	16,286	1,857	(540)	15,179
Total Funds	\$689,184	\$144,792	\$0	\$833,976	\$89,938	\$0	\$779,122

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$7,298)	FY04 (\$7,298)
FY05 (\$6,860)	FY05 (\$6,860)

PL- 7001 - On-going Special Session Reductions -

This present law adjustment consists of on-going special session reductions in personal services and operating expenses that save the general fund \$14,158 for the biennium.

----- New Proposals -----

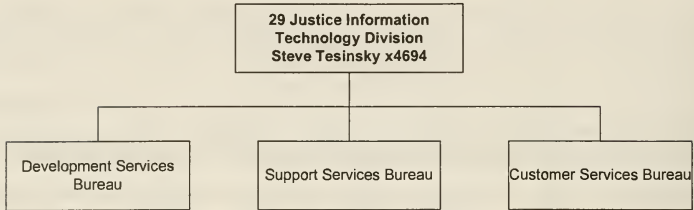
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 (\$11,610)
FY05 \$0	FY05 (\$11,610)

NP- 2804 - Fund Switch -

The executive proposes to replace \$11,610 of general fund in FY 2004 and FY 2005 with state special revenue so that the Natural Resource Damage Program pays its own administrative costs consistent with passage and approval of HB 21 in the special session.

Department Of Justice-4110

Information Technology Svcs Division-29



Program Description - The Justice Information Technology Services Division provides a full range of information technology and criminal justice services for the department including: 1) system development and maintenance of the motor vehicle titling and registration system; 2) the driver license and history system; 3) the criminal history record information system and the Montana Uniform Crime Reporting System; 4) support for the Department of Justice internal computers and systems; 5) identification services for the criminal justice community through criminal history record checking and fingerprint processing; and 6) system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

Program Indicators -

Benchmarks	Actual FY 01	Actual FY 02	Estimated FY 03	Requested FY 04	Requested FY 05
Perform criminal history record checks					
Checks for the public	58,420	61,308	66,850	76,877	88,408
Checks for criminal justice agencies	229,520	232,099	243,703	255,888	268,682
Process fingerprint cards					
Criminal arrest cards	9,220	13,084	21,444	22,000	22,000
Civil cards	3,785	5,488	7,920	9,504	11,405
Assist and train law enforcement					
Calls to Help-desk	2,236 (Part year)	7,626	7,800	7,800	7,800
Participants in instructor-led courses	not tracked	1,416	936	1,200	1,200
Participants in web-based courses	1,300	2,610	2,069	3,000	2,500
Mobile (in-car) workstations	46	208	394	420	450
Web-based users	0	10	15	1,000	1,000
Provide System Support of the Statewide Criminal Justice Information Network					
Person Hours			6,038	7,256	8,000
Provide Support of Department of Justice Workstations, Servers and Networks					
Person Hours			9,768	10,256	10,769
Programming Development Effort					
Hours spend on development (State FTE plus 3 contractors available until Dec. 2002)			13,960	0	0
Hours spent on development (State FTE only)			11,136	16,167	16,167
Average time to complete a Motor Vehicle Division Work Request					

Department Of Justice-4110
Information Technology Svcs Division-29

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	46.00	0.00	3.00	49.00	0.00	3.00	49.00
Personal Services	1,978,408	148,380	101,679	2,228,467	146,751	101,416	2,226,575
Operating Expenses	1,346,555	1,357	68,116	1,416,028	9,040	68,116	1,423,711
Equipment	6,767	(53,579)	0	(46,812)	(53,579)	0	(46,812)
Debt Service	527,303	0	0	527,303	0	0	527,303
Total Costs	\$3,859,033	\$96,158	\$169,795	\$4,124,986	\$102,212	\$169,532	\$4,130,777
General Fund	2,900,485	112,305	(120,794)	2,891,996	118,721	(120,839)	2,898,367
State/Other Special	768,893	0	290,589	1,059,482	0	290,371	1,059,264
Federal Special	179,456	(16,147)	0	163,309	(16,509)	0	162,947
Proprietary	10,199	0	0	10,199	0	0	10,199
Total Funds	\$3,859,033	\$96,158	\$169,795	\$4,124,986	\$102,212	\$169,532	\$4,130,777

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$88,480)	FY04 (\$88,480)
FY05 (\$88,480)	FY05 (\$88,480)

PL- 7001 - On-going Special Session Reductions -

The special session reductions for total \$176,960 general fund savings over the biennium are continued. This consists of \$15,520 in office supplies, \$107,158 in equipment, and \$54, 282 in personal services.

----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$169,795	FY04 (\$120,794)
FY05 \$169,532	FY05 (\$120,839)

NP- 8001 - Criminal Justice Information System FTE -

The Department of Justice Information Technology Services Division is requesting 3.00 FTE funded by state special revenue contingent on passage and approval of separate legislation. These positions include 2.00 FTE fingerprint technicians and 1.00 FTE unit supervisor, as well as contracted services for an attorney. The proposed legislation requests a charge commensurate with cost for performing name-based background checks, which are increasing in number. The revenue will fund these staff who will develop a more efficient process for conducting criminal background checks for non-criminal justice users. This decision package requests authority totaling \$339,327 for the biennium.

In addition a request for a fund switch, based on the same legislation, will replace 67 percent of general fund for 6.00 FTE, with state special revenue.

Department Of Justice-4110 Forensic Science Division-32

**32 Forensic Sciences Division
Bill Unger 329-1103**

Program Description - The Forensic Science Division, which includes the State Crime Lab in Missoula and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, scientific criminal investigation and analysis for specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood and urine samples in connection with driving under the influence of alcohol or drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Cases Received from Law Enforcement	3,901	4,554	5,038	5,473	5,968	6,464

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	24.50	1.00	1.00	26.50	1.00	1.00	26.50
Personal Services	1,356,894	142,712	46,438	1,546,044	144,499	46,332	1,547,725
Operating Expenses	1,064,738	6,909	4,360	1,076,007	20,878	3,010	1,088,626
Equipment	118,803	(35,790)	0	83,013	(34,440)	0	84,363
Debt Service	4,566	0	0	4,566	0	0	4,566
Total Costs	\$2,545,001	\$113,831	\$50,798	\$2,709,630	\$130,937	\$49,342	\$2,725,280
General Fund	2,156,769	58,823	0	2,215,592	76,035	0	2,232,804
State/Other Special	303,204	0	0	303,204	0	0	303,204
Federal Special	85,028	55,008	50,798	190,834	54,902	49,342	189,272
Total Funds	\$2,545,001	\$113,831	\$50,798	\$2,709,630	\$130,937	\$49,342	\$2,725,280

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$55,008	FY04 \$0
FY05 \$54,902	FY05 \$0

PL- 3201 - Latent Print Examiner -

This request is for 1.00 FTE latent print examiner position. An additional examiner would enable the division to reduce a one-year backlog and meet its goal of a four-week turnaround time. Such a turnaround time is necessary to efficiently process cases for criminal justice agencies around the state. This critical position was originally requested to be funded 75 percent federal funds and 25 percent general fund. The request now is for 100 percent federal authority.

**Department Of Justice-4110
Forensic Science Division-32**

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$66,070)	FY04	(\$66,070)
FY05	(\$53,095)	FY05	(\$53,095)

PL- 3202 - Forensic Laboratory Lease -

The Forensic Science Division leases space from a private vendor. The Department of Administration entered into a 15 year lease for our current laboratory space on February 1, 2000. This lease allows for a \$1.00 per square foot rent increase five years after inception or on February 1, 2005. The lease is for 31,145 square feet. The monthly increase is \$2,595 for five months of FY 2005 at a cost of \$12,975 general fund. In addition, the executive requests to continue the special session reductions in operating, personal services, and equipment for a general fund savings of \$132,140.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,798	FY04	\$0
FY05	\$49,342	FY05	\$0

NP- 3203 - Chemist -

The decision package requests federal authority through the High Intensity Drug Trafficking Area Program (HIDTA) to fund 1.00 FTE chemist. The position will work in the chemistry section of the laboratory analyzing solid dosage drugs submitted by law enforcement, including illegal street drugs, prescription drugs, tampered products and animal poisons. The federal authority will total \$50,798 in FY 2004 and \$49,342 in FY 2005 to fund the FTE and associated expenses.

Public Service Regulation-4201

Public Service Regulation Prog-01

4201 Public Service Regulation
X6199

01 Public Service
Commission

Mission Statement - To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

Statutory Authority - Title 69

Program Description - The Department of Public Service Regulation (PSR) regulates the public utility and transportation industries. Five commissioners elected from districts throughout Montana oversee this program.

Program Indicators-

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Dockets	326	378	339	365	365	365
Informal Utility Consumer Complaints	2870	2554	2614	3000	3000	3000

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	39.00	0.00	0.00	39.00	0.00	0.00	39.00
Personal Services	2,002,952	194,730	0	2,197,682	193,056	0	2,196,008
Operating Expenses	543,014	46,716	0	589,730	(66,981)	0	476,033
Total Costs	\$2,545,966	\$241,446	\$0	\$2,787,412	\$126,075	\$0	\$2,672,041
State/Other Special	2,533,459	240,171	0	2,773,630	124,948	0	2,658,407
Federal Special	12,507	1,275	0	13,782	1,127	0	13,634
Total Funds	\$2,545,966	\$241,446	\$0	\$2,787,412	\$126,075	\$0	\$2,672,041

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$76,454	FY04 \$0
FY05 (\$23,546)	FY05 \$0

PL- 1 - Consultants -

The Public Service Commission requests funds for hiring consultants. The amount of the consultant funds requested is \$100,000 for the biennium, which is the same as approved by the 2001 Legislature. These funds are used if PSC staff is unable to handle the additional workload or a special project arises.

Public Service Regulation-4201
Public Service Regulation Prog-01

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$31,334)	FY04	\$0
FY05	(\$31,662)	FY05	\$0

PL- 2 - Rent Increase/Computer Replacement -

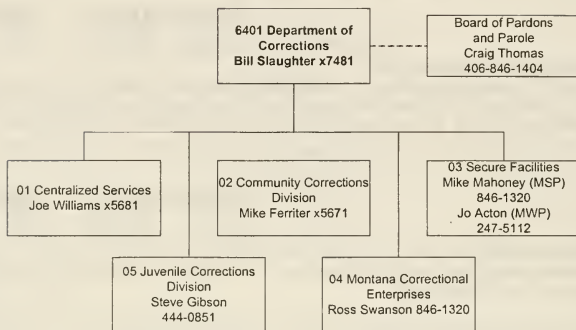
Rent increases, based on a contract negotiated by the Department of Administration, will be \$8,119 in FY 2004 and \$13,195 in FY 2005. There also is budgeted the replacement of four desk top computers in FY 2004 based on the approved four-year replacement cycle. In this request there is also an alternative pay plan adjustment.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$11,939)	FY04	\$0
FY05	(\$11,939)	FY05	\$0

PL- 3 - Universal Access Program -

Funding for the Universal Access Program was removed from the PSC budget during the 2002 special session and the reduction is continued into the 2005 biennium.

Dept. Of Corrections-6401



Mission Statement - The Department of Corrections is dedicated to public safety and trust by holding adult and juvenile offenders accountable for their actions against victims through custody, supervision, treatment, work, restitution and skill development.

Statutory Authority - 2-15-2301, 53-1-201 and 53-1-202, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	1,092.80	0.00	0.00	1,092.80	0.00	0.00	1,092.80
Personal Services	43,498,841	3,883,925	(19,600)	47,363,166	3,935,378	(14,160)	47,420,059
Operating Expenses	47,640,104	7,693,116	(2,975,408)	52,357,812	6,654,104	(566,068)	53,728,140
Equipment	324,500	0	0	324,500	0	0	324,500
Capital Outlay	50	0	0	50	0	0	50
Benefits & Claims	8,040,196	(1,000,000)	0	7,040,196	(1,000,000)	0	7,040,196
Debt Service	224,949	0	0	224,949	0	0	224,949
Total Costs	\$99,728,640	\$10,577,041	(\$2,995,008)	\$107,310,673	\$9,589,482	(\$580,228)	\$108,737,894
General Fund	96,890,254	10,323,427	(2,995,008)	104,218,673	9,328,179	(580,228)	105,638,205
State/Other Special	1,668,004	488,127	0	2,156,131	485,321	0	2,153,325
Federal Special	750,280	(353,227)	0	397,053	(353,227)	0	397,053
Proprietary	420,102	118,714	0	538,816	129,209	0	549,311
Total Funds	\$99,728,640	\$10,577,041	(\$2,995,008)	\$107,310,673	\$9,589,482	(\$580,228)	\$108,737,894

----- Agency General Fund Target - \$209.86 million -----

Dept. Of Corrections-6401

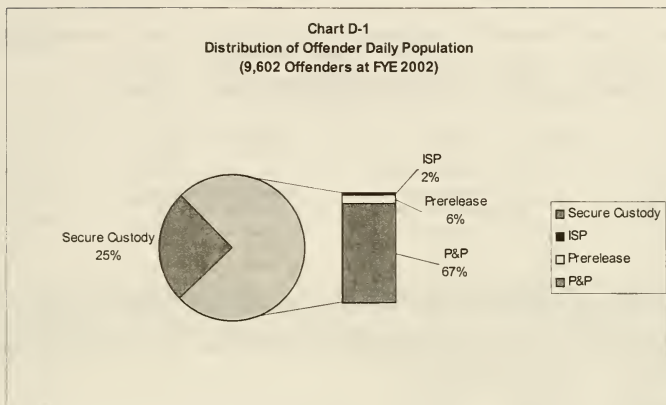
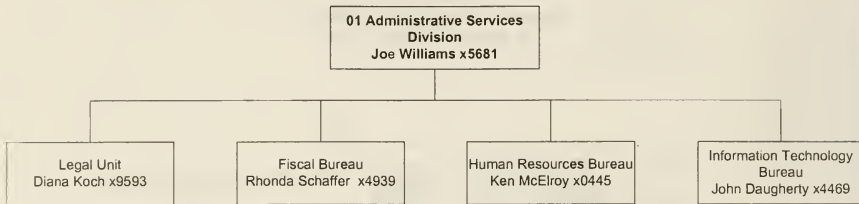


Chart D-1 shows the FYE 2002 daily population of offenders at 9,602. There were 25 percent in secure custody and 75 percent in all other supervision categories.

Dept. Of Corrections-6401 Admin And Support Services-01



Program Description - The Administration and Support Services Program includes the Director's Office, Administrative Services Division, Professional Services Division and the administratively attached Board of Pardons. This program provides to the department, government entities and the public various administrative and management support; human resource, budget, fiscal, and legal information; technical correctional services; policy and staff development; research; facility management; and access to health care services.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
VINE: VINE Registered Numbers	369	450	500	550	625	700
VINE: Calls made to VINE	11,731	12,488	13,101	13,500	14,250	15,00
Board of Pardons & Parole: Offenders Release to Parole	440	493	489	575	625	675
Board of Pardons & Parole: Parole Interviews	935	1112	1064	1150	1250	1250
PSD: Basic Training sessions at the Montana Law Enforcement Academy	9 (One session funded by Msla Cty)	8	8	8	9	9
ASD: Employee recruitments processed: Helena Office	148	138	125	140	150	165
MSP	72	90	88	120	135	150
PHYCF	28	30	45	40	50	55
ASD: ACIS modules replaced by Profiles modules	N/A	Offender Demographic Offender movement	Legal information, Classification	Legal information, Classification	To be determined	To be determined
ASD: Statistical Information Requests Completed	149	123	192	200	230	240
ASD: # of Help Desk calls resolved	9,837	7962	7441	7400	7400	7400

**Dept. Of Corrections-6401
Admin And Support Services-01**

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	91.50	0.00	0.00	91.50	0.00	0.00	91.50
Personal Services	3,960,266	385,201	0	4,345,467	383,959	0	4,344,225
Operating Expenses	5,303,576	635,914	0	5,939,490	926,481	0	6,230,057
Debt Service	27,543	0	0	27,543	0	0	27,543
Total Costs	\$9,291,385	\$1,021,115	\$0	\$10,312,500	\$1,310,440	\$0	\$10,601,825
General Fund	9,220,046	991,447	0	10,211,493	1,274,228	0	10,494,274
State/Other Special	4,321	2,281	0	6,602	(525)	0	3,796
Proprietary	67,018	27,387	0	94,405	36,737	0	103,755
Total Funds	\$9,291,385	\$1,021,115	\$0	\$10,312,500	\$1,310,440	\$0	\$10,601,825

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$22,700	FY04 \$22,700
FY05 \$22,700	FY05 \$22,700

PL- 1 - Board Member Per Diem and Travel Increase -

This is a request to fund zero-based \$50 per day pay statutorily required per diem for Parole Board members and also to fund a recent Montana Supreme Court ruling that found offenders must appear before a majority of the board.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$20,000	FY04 \$20,000
FY05 \$15,000	FY05 \$15,000

PL- 2 - Brd Member Base Per Diem and ACA Re-accreditation -

This is a request to fund zero-based items and also fund ACA reaccreditation. Board members are entitled to be reimbursed for travel expenses for days in which the member is engaged in the performance of board duties. The projected per diem is \$15,000 per fiscal year. In January 2001, the Montana Parole Board qualified for American Corrections Association accreditation for three years. The cost of being accredited is \$5,000 for the biennium.

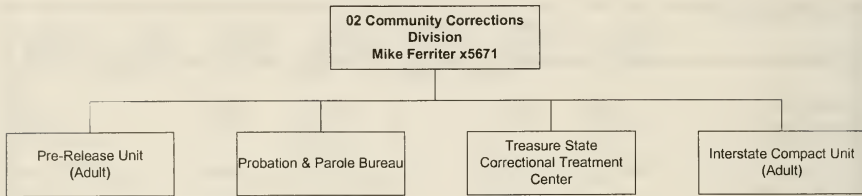
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$373,544	FY04 \$373,544
FY05 \$690,714	FY05 \$690,714

PL- 26 - Outside Medical Adjustment -

An inflationary adjustment of 5 percent per year for outside medical treatment is based on the allowed inflation rate by the budget office. This is offset by an alternative payplan adjustment required by the executive of (\$2,371) per year.

Dept. Of Corrections-6401

Community Corrections-02



Program Description - The Community Corrections Program includes adult probation and parole, juvenile parole, male and female community corrections programs, the boot camp, the female juvenile correctional facility, juvenile transition centers, and juvenile out-of-home placements. The department contracts with non-profit corporations in Great Falls, Butte, Missoula, Billings, and Helena for pre-release services.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Prerelease Centers Population as of 6/30	535	493	531	531	531	531
Restitution collected	\$1,466,937	\$2,181,364	\$1,827,638	\$1,900,000	\$2,000,000	\$2,100,000
Adult Probation & Parole Caseload						
Missoula	91	77	94	96	98	98
Helena	64	61	60	62	63	63
Bozeman	63	70	77	79	100	100
Butte	75	61	64	66	67	67
Great Falls	68	70	66	68	69	69
Billings	70	58	61	63	64	64
Kalispell	87	69	74	76	77	77

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	205.00	0.00	0.00	205.00	0.00	0.00	205.00
Personal Services	8,526,396	349,171	0	8,875,567	364,528	0	8,890,924
Operating Expenses	12,670,357	3,234,492	0	15,904,849	3,552,006	0	16,222,363
Equipment	24,243	0	0	24,243	0	0	24,243
Debt Service	27,713	0	0	27,713	0	0	27,713
Total Costs	\$21,248,709	\$3,583,663	\$0	\$24,832,372	\$3,916,534	\$0	\$25,165,243
General Fund	20,944,881	3,583,663	0	24,528,544	3,916,534	0	24,861,415
State/Other Special	303,828	0	0	303,828	0	0	303,828
Total Funds	\$21,248,709	\$3,583,663	\$0	\$24,832,372	\$3,916,534	\$0	\$25,165,243

**Dept. Of Corrections-6401
Community Corrections-02**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$623,433	FY04	\$623,433
FY05	\$623,952	FY05	\$623,952

PL- 3 - Alternatives to Prison - Treatment and Employment -

The executive requests an increase of \$623,433 in FY 2004 and \$623,952 in FY 2005 to the Community Corrections budget to cope with the increasing number of inmates being sent directly to the community corrections setting or being moved from secure custody to the community corrections setting. To maintain offenders on probation or parole supervision is the most cost-effective method to manage offender populations.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$21,347	FY04	\$21,347
FY05	\$21,347	FY05	\$21,347

PL- 7 - Cook/Chill Base Adjustment for TSCTC -

This request is to fund the cost increase necessary to pay the allocated share of Montana State Prison's cook/chill rate structure in accordance with state law regarding internal service funds adopted in the special session.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$344,628	FY04	\$344,628
FY05	\$542,774	FY05	\$542,774

PL- 10 - Base and Inflation Increase for Pre-release Centers -

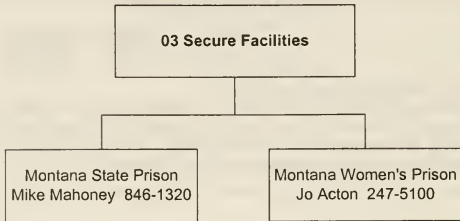
Funding for base inflationary costs and annualization of operating costs for the pre-release centers serving our prison system is recommended. Adequate funding is required for the current pre-release centers to operate at contract capacity. In FY 2002, the Helena center operated under capacity and the PRCs in Great Falls, Missoula, Butte and Billings periodically operated under capacity. With the state prison population continuing to expand, it is necessary to promote cost-effective measures to reduce overcrowding. In addition, there is an ongoing use of pre-release beds for DOC commitments, parole violators and probation status offenders.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,240,750	FY04	\$2,240,750
FY05	\$2,312,723	FY05	\$2,312,723

PL- 11 - Base and Inflation Increase for DUI Facility -

This request annualizes the costs associated with operating the felony DUI WATCH program. The executive is recommending general fund of \$2,240,750 in FY 2004 and \$2,312,723 in FY 2005. The 2001 Legislature authorized the department to contract with a private service provider to operate a facility for felony DUI offenders. The facility, with a capacity of 140 inmates, opened on February 1, 2002, and not only provides more intensive treatment, but also saves general fund over placement in secure custody.

**Dept. Of Corrections-6401
Secure Custody Facilities-03**



Program Description - The Secure Facilities Program includes the Montana State Prison and the Montana Women's Prison.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated 2003	Estimated 2004	Estimated 2005
Montana Women's Prison:						
Education participation of total population	86%	81 %	82%	80%	80%	80%
Corrective Thinking participation of population	20%	23%	30%	30%	30%	37%
Chemical Dependency program completion prior to release	40%	56%	85%	82%	86%	87%
Parenting program participation of total population	77%	82%	88%	90%	90%	90%
Montana State Prison:						
Number of inmates that pass GED exam	91	94	97	100	100	100
Number of inmates that discharge from CD program as treatment plan complete	235	229	350	350	350	350
Classification Reviews	4082	5018	5109	5609	6011	6000
Percentage of inmates employed by total population	71%	71%	69%	70%	70%	70%
Disciplinary Reports	2966	3515	2576	2601	2500	2300
Inmate Assault on Inmate	27	38	36	36	34	32
Inmate Assault on Staff	8	11	18	25	10	8
Number of Escapes	0	1	0	0	0	0

Dept. Of Corrections-6401

Secure Custody Facilities-03

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	578.45	0.00	0.00	578.45	0.00	0.00	578.45
Personal Services	22,628,824	2,325,324	0	24,954,148	2,357,881	0	24,986,705
Operating Expenses	27,156,550	600,154	0	27,756,704	1,355,003	0	28,511,553
Equipment	292,757	0	0	292,757	0	0	292,757
Capital Outlay	50	0	0	50	0	0	50
Debt Service	159,994	0	0	159,994	0	0	159,994
Total Costs	\$50,238,175	\$2,925,478	\$0	\$53,163,653	\$3,712,884	\$0	\$53,951,059
General Fund	49,316,699	2,357,978	0	51,674,677	3,145,384	0	52,462,083
State/Other Special	841,188	567,500	0	1,408,688	567,500	0	1,408,688
Federal Special	80,288	0	0	80,288	0	0	80,288
Total Funds	\$50,238,175	\$2,925,478	\$0	\$53,163,653	\$3,712,884	\$0	\$53,951,059

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,499,498	FY04	\$1,499,498
FY05	\$1,499,498	FY05	\$1,499,498

PL- 5 - Adjustment for Employee & Inmate Personal Services -

The executive recommends this request be approved as costs of overtime, differential pay, holidays worked, comp time pay out, holiday pay out, and related benefits are zero based. These items are necessary and are re-established each biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$221,153	FY04	\$221,153
FY05	\$221,153	FY05	\$221,153

PL- 8 - Cook/Chill Rate Adjustment Montana State Prison -

This authority increase is necessary to pay the allocated share of Montana State Prison's cook/chill rate structure in accordance with state laws and policies regarding internal service funds.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,280,431	FY04	\$1,280,431
FY05	\$1,280,431	FY05	\$1,280,431

PL- 12 - Montana Women's Prison Expansion -

Expansion of the Montana Women's Prison authorized by the previous Legislature must be annualized. The expansion of MWP will require an increase in operating costs, utilities, and contracted services as well as equipment. Population of the facility will increase from the current 80 offenders to 197 by FYE 2004.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$283,750	FY04	\$0
FY05	\$283,750	FY05	\$0

Dept. Of Corrections-6401
Secure Custody Facilities-03

PL- 15 - Increase in Inmate Canteen Authority -

This is a request for additional state special revenue authority to fund purchases for the inmate canteen at the Montana State Prison (MSP). MSP has decreased the ability of inmates to order items from outside vendors and receive items from family members. This has caused more inmate dependence on the canteen system to procure personal need hygiene/food items. Inmate demand for products has increased due to increased population at MSP and also due to canteen requisitions being processed to allow for overall lower costs to inmates, therefore increasing demand.

Total Agency Impact

FY04	(\$1,222,094)
FY05	(\$478,248)

General Fund Total

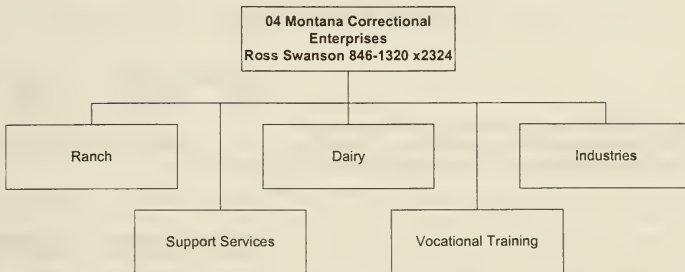
FY04	(\$1,222,094)
FY05	(\$478,248)

PL- 25 - Contract Placement Present Law Decrease -

This requested decrease to the contract beds budget authority for the 2005 biennium is possible due to the department's efforts to move inmates through the system as quickly as possible, use of the conditional release program and changes in sentencing patterns by judges who are aware of the state's financial crisis. All this is being done with public safety as the number one priority. The projected savings to the general fund, due to a new growth projection of approximately 3.55 percent each year, is \$1,222,094 in FY 2004 and \$478,248 in FY 2005.

Dept. Of Corrections-6401

Mont Correctional Enterprises-04



Program Description - The Montana Correctional Enterprises (MCE) Program includes the ranch, industries, dairy, license plate, and vocational education programs at the Montana State Prison facility. MCE also has industry programs located at the Montana Women's Prison, Cascade County Regional Detention Facility, and Crossroads Correctional Facility. MCE programs provide employment and vocational educational training opportunities to offenders. Approximately three hundred fifty (350) offenders are involved in education, training and employment with MCE programs.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated 2003	Estimated 2004	Estimated 2005
MCE Program:						
MCE Program Revenue	\$5,980,407	\$5,322,970	\$5,583,308	\$6,015,806	\$5,535,000	\$5,435,000
Number of Inmate Workers – MSP	240	298	300	300	300	300
Number of Inmate Workers – Other Facilities	75	70	60	40	150	150
Crime Victim Payments – PIE Programs	\$21,611	\$51,481	\$52,758	\$34,000	\$72,000	\$72,000
Family Support Deductions – PIE Programs	\$13,146	\$38,134	\$39,080	\$20,000	\$42,000	\$42,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	15.00	0.00	0.00	15.00	0.00	0.00	15.00
Personal Services	638,268	221,828	(19,600)	840,496	218,586	(14,160)	842,694
Operating Expenses	655,003	2,975,931	(2,975,408)	655,526	566,943	(566,068)	655,878
Total Costs	\$1,293,271	\$3,197,759	(\$2,995,008)	\$1,496,022	\$785,529	(\$580,228)	\$1,498,572
General Fund	940,187	3,106,432	(2,995,008)	1,051,611	693,057	(580,228)	1,053,016
Proprietary	353,084	91,327	0	444,411	92,472	0	445,556
Total Funds	\$1,293,271	\$3,197,759	(\$2,995,008)	\$1,496,022	\$785,529	(\$580,228)	\$1,498,572

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

Dept. Of Corrections-6401
Mont Correctional Enterprises-04

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$151,307	FY04	\$83,201
FY05	\$151,307	FY05	\$83,201

PL- 16 - MCE Voc Ed and License Plate Factory Inmate Payroll -

This request is for the Vocational Education proprietary fund inmate payroll that reflects wages for thirty-two (32) inmates involved in motor vehicle maintenance, apprenticeship training and the Toyota Project.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,995,008	FY04	\$2,995,008
FY05	\$580,228	FY05	\$580,228

PL- 18 - MCE License Plate Factory -Plate Reissue request -

MCE License Plate Factory is required by law to produce license plates. To comply with 61-3-332, MCA, the MCE License Plate Factory must produce plates for a reissue every four years. Last session the Legislature approved a new digital license plate system in SB 393 and HB 191. It is believed that the intent was to convert the entire license plate system over to the digital system this biennium.

----- **Requiring Other Legislation** -----

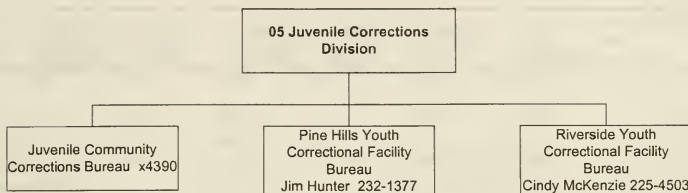
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$2,995,008)	FY04	(\$2,995,008)
FY05	(\$580,228)	FY05	(\$580,228)

NP- 8001 - MCE License Plate reissue Delete -

This request is a companion to PL-18 and is contingent upon passage and approval of proposed legislation to change the statutory requirements for license plate reissue every four years. [LC 162]

Dept. Of Corrections-6401

Juvenile Corrections-05



Program Description - The Juvenile Corrections Division is responsible for all state operated youth programs including, Pine Hills Youth Correctional Facility for males located in Miles City, Riverside Youth Correctional Facility for females in Boulder, statewide juvenile community corrections including parole services for youth released from state operated secure care facilities, youth transition center, specialized foster care services, interstate compact service for probation and parole in and out of state, juvenile detention licensing, monitoring and funding for state district probation placements, research and training for the division and other agencies, and administrative support services.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
PHYCF						
Amount Paid to victims	\$19,519	\$21,439	\$28,560	\$30,560	\$32,560	\$33,560
Youth in Restitution Program	31	28	46	55	60	62
Community Services hours worked	2654	5514	6546	7000	7200	7300
Youth in Community Service Pgm	16	62	66	75	80	82
RYCF						
Community Service						
On-grounds						
On-grounds & Off-grounds	384 hours	450 hours	590 hours	640 hours	680 hours	700 hours
Third party funding-juvenile placements as of 10/30/00	\$261,737	\$289,903	\$312,638	\$337,638	\$352,638	\$362,638
Education						
PHYCF						
Pre & Post Testing (grade level raised within 90 days)						
Reading Comprehension	0.5	1.5	1.2	1.5	1.5	1.5
Language Expression	1.2	1.2	2.0	2.0	2.0	2.0
Math Computation	1.0	1.1	1.0	1.1	1.1	1.1
PHYCF Diploma	3	3	3	4	5	5
PHYCF GED	32	15	25	25	26	27
RYCF Diploma	1	4	1	2	2	3
RYCF GED	2	5	4	3	4	4
Felony Recidivism						
PHYCF	5.19%	4.60%	11.76%	8%	7%	6%
PHYCF	6%	0%	6%	4%	5%	4%
PHYCF - New Admissions with prior Residential placements	70.7%	71.3%	71.3%	72%	71%	69%

Dept. Of Corrections-6401 Juvenile Corrections-05

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005	
FTE	202.85	0.00	0.00	202.85	0.00	0.00	202.85	
Personal Services	7,745,087	602,401	0	8,347,488	610,424	0	8,355,511	
Operating Expenses	1,854,618	246,625	0	2,101,243	253,671	0	2,108,289	
Equipment	7,500	0	0	7,500	0	0	7,500	
Benefits & Claims	8,040,196	(1,000,000)	0	7,040,196	(1,000,000)	0	7,040,196	
Debt Service	9,699	0	0	9,699	0	0	9,699	
Total Costs	\$17,657,100	(\$150,974)	\$0	\$17,506,126	(\$135,905)	\$0	\$17,521,195	
General Fund	16,468,441	283,907	0	16,752,348	298,976	0	16,767,417	
State/Other Special	518,667	(81,654)	0	437,013	(81,654)	0	437,013	
Federal Special	669,992	(353,227)	0	316,765	(353,227)	0	316,765	
Total Funds	\$17,657,100	(\$150,974)	\$0	\$17,506,126	(\$135,905)	\$0	\$17,521,195	

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$7,328	FY04 \$7,328
FY05 \$7,328	FY05 \$7,328

PL- 9 - Contract Adjustments for Riverside -

A cost increase is necessary to pay the allocated share of the MSP cook chill rate structure in accordance with state law regarding internal service funds passed in the special session.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$230,820	FY04 \$230,820
FY05 \$230,820	FY05 \$230,820

PL- 13 - PHYCF Expansion Unit Request -

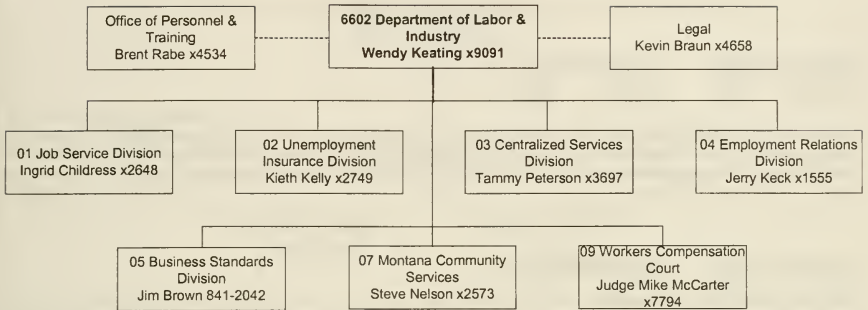
This request annualizes the operating costs for the expansion at the Pine Hills Correctional Youth Facility, which is 24x7. The new construction project allowed an increase in capacity from 120 beds to 144 beds and was completed in the spring of 2002. Therefore, the FY 2002 base reflects an increase in the average daily population and FTE for only a partial year. The ADP is projected at 135 for FY 2004 and FY 2005.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$1,000,000)	FY04 (\$1,000,000)
FY05 (\$1,000,000)	FY05 (\$1,000,000)

PL- 7001 - Continue reduction in Juvenile Placement disburse -

This executive recommendation continues the \$1 million reduction in Juvenile Placement disbursements taken in the FY 2003 Governor's reductions in both fiscal years of the 2005 biennium.

Labor & Industry-6602



Mission Statement - To promote the well-being and opportunities of Montana workers and employers and to uphold the rights and responsibilities of both.

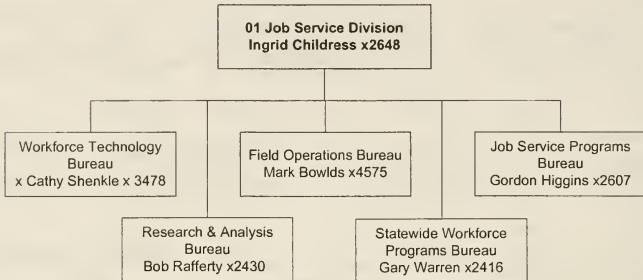
Statutory Authority - Primarily Titles 18, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	659.64	0.00	1.50	661.14	0.00	1.50	661.14
Personal Services	24,534,708	2,869,083	45,174	27,448,965	2,875,250	45,038	27,454,996
Operating Expenses	15,249,372	1,533,813	18,623	16,801,808	1,534,518	16,123	16,800,013
Equipment	432,003	30,000	0	462,003	30,000	0	462,003
Capital Outlay	965	0	0	965	0	0	965
Grants	16,013,711	952,778	0	16,966,489	952,777	0	16,966,488
Benefits & Claims	258,597	0	0	258,597	0	0	258,597
Transfers	131,551	0	0	131,551	0	0	131,551
Total Costs	\$56,620,907	\$5,385,674	\$63,797	\$62,070,378	\$5,392,545	\$61,161	\$62,074,613
General Fund	1,969,954	(106,871)	0	1,863,083	(109,017)	0	1,860,937
State/Other Special	22,630,948	3,127,791	(1,036,730)	24,722,009	3,155,911	(1,039,139)	24,747,720
Federal Special	31,976,879	2,339,924	1,100,527	35,417,330	2,320,926	1,100,300	35,398,105
Proprietary	43,126	24,830	0	67,956	24,725	0	67,851
Total Funds	\$56,620,907	\$5,385,674	\$63,797	\$62,070,378	\$5,392,545	\$61,161	\$62,074,613

----- Agency General Fund Target - \$3.72 million -----

Labor & Industry-6602

Work Force Services Division-01



Program Description - The Workforce Services Division operates through five bureaus. The Field Operations Bureau functions through a network of 17 Job Service Centers. The division is a gateway to government services in the area of employment and training services. JSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include Workforce Technology, Statewide Workforce Programs, Job Service Programs, and Research and Analysis.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Applicants Registered	68,818	70,985	75,961	75,000	75,000	75,000
MCIS Sites	308	308	257	257	257	257
MCIS Internet home users	N/A	N/A	N/A	3,000	10,000	15,000
Statistical Data Inquiry – Employment Services	844,740	859,760	902,138	931,900	962,660	994,430
Statistical Data Inquiry – Research & Analysis	598,619	1,273,476	1,442,171	1,520,000	1,600,000	1,650,000
Apprenticeship Training Participants	939	969	1,067	1,163	1,267	1,381
Jobs for Montana's Graduates	603	769	670	725	750	800

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	301.60	0.00	0.00	301.60	0.00	0.00	301.60
Personal Services	11,095,498	950,242	0	12,045,740	958,318	0	12,053,816
Operating Expenses	5,250,516	396,683	0	5,647,199	364,604	0	5,615,120
Equipment	96,193	0	0	96,193	0	0	96,193
Capital Outlay	965	0	0	965	0	0	965
Grants	14,174,852	(77,222)	0	14,097,630	(77,223)	0	14,097,629
Transfers	131,551	0	0	131,551	0	0	131,551
Total Costs	\$30,749,575	\$1,269,703	\$0	\$32,019,278	\$1,245,699	\$0	\$31,995,274
General Fund	916,054	(105,030)	0	811,024	(105,156)	0	810,898
State/Other Special	6,781,481	672,849	(1,100,527)	6,353,803	676,933	(1,100,300)	6,358,114
Federal Special	23,052,040	701,884	1,100,527	24,854,451	673,922	1,100,300	24,826,262
Total Funds	\$30,749,575	\$1,269,703	\$0	\$32,019,278	\$1,245,699	\$0	\$31,995,274

Please note that a HB 576 section exists for this program.

Labor & Industry-6602
Work Force Services Division-01

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$21,926	FY04	(\$75,415)
FY05	\$20,869	FY05	(\$75,414)

PL- 12 - Operating Increase -

The executive recommends an increase in operating authority to cover increases in the agency's indirect cost allocation plan, which is funded by state special revenues. This package also includes reductions to meet the general fund target for the agency. These reductions amount to \$77,222 in FY 2004 and \$77,223 in FY 2005 from the Apprenticeship Program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$141,261	FY04	\$0
FY05	\$141,289	FY05	\$0

PL- 18 - Natural Resource Worker Scholarship Pg. – SB 322 -

This is a request to continue funding for the Natural Resource Worker Scholarship Program created by SB 322 in the 2001 session and is funded out of the RIT. The funding was not established until FY 2003 so there were no expenditures in the base year. This program is funded up to \$150,000 per year, which is the total of this request, when what is currently in the base for the 0.25 FTE that was also authorized in this bill is added.

----- New Proposals -----

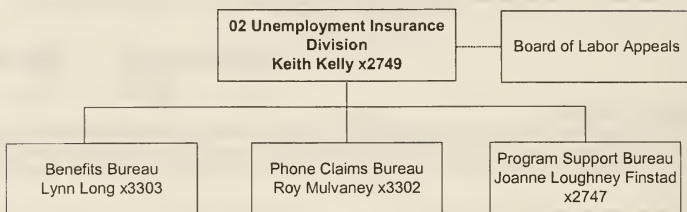
<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$0	FY05	\$0

NP- 7001 - ESA/Reed Act Fund Switch -

This funding switch is requested in order to cover the employment security account (ESA) funding for Project ChalleNge with federal Reed Act monies. The Executive recommends that the match required for the Project ChalleNge program, administered by the Department of Military Affairs, be funded with ESA funds and those expenditures be offset with Reed Act funding which is eligible to be used for these expenditures.

Labor & Industry-6602

Unemployment Insurance Division-02



Program Description - The Unemployment Insurance (UI) Division administers the state unemployment insurance law and related federal programs, which provide temporary, partial wage replacement to involuntary unemployed individuals. The UI Division is organized into three bureaus: UI Benefits, UI Program Support, and UI Phone Claims. The UI Contributions Bureau was reorganized by the 1997 Legislature under HB 561, which delegated UI tax collection activity to the Department of Revenue. The UI Benefits Bureau receives, processes, and pays UI benefit claims and adjudicates disputed benefit claims. The UI Program Support Bureau manages the Montana Integrated System To Improve Customer Service (MISTICS), and the UI benefit accounting and payment system. The UI Phone Claims Bureau has two phone centers (Billings and Helena) for claimants to file unemployment claims, and for employers to make UI related inquiries.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Initial Claims	48,339	55,854	64,520**	65,857	69,785	75,063
Weeks Claimed	373,905	452,108	527,935**	504,925	535,545	576,573
Non-monetary Determinations	18,368	23,597	22,425	27,355	28,995	31,202
Appeals	1,371	1,248	1,252	1,539	1,631	1,756

**Initial Claims include 6,020 TEUCA payments (Temporary Extended Unemployment Compensation Act).

**Weeks Claimed include 36,100 of TEUCA (Temporary Extended Unemployment Compensation Act).

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	107.50	0.00	0.00	107.50	0.00	0.00	107.50
Personal Services	3,771,812	469,592	0	4,241,404	468,996	0	4,240,808
Operating Expenses	2,255,957	138,496	0	2,394,453	148,842	0	2,404,799
Total Costs	\$6,027,769	\$608,088	\$0	\$6,635,857	\$617,838	\$0	\$6,645,607
State/Other Special	283,213	21,742	0	304,955	21,742	0	304,955
Federal Special	5,744,556	586,346	0	6,330,902	596,096	0	6,340,652
Total Funds	\$6,027,769	\$608,088	\$0	\$6,635,857	\$617,838	\$0	\$6,645,607

Please note that a HB 576 section exists for this program.

Labor & Industry-6602
Unemployment Insurance Division-02

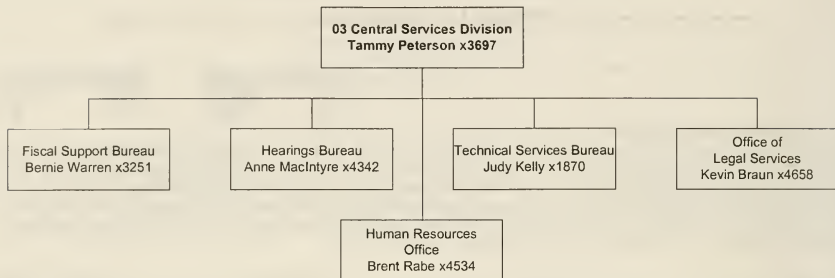
----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$88,218	FY04	\$0
FY05	\$88,667	FY05	\$0

PL- 4 - Increase in operating costs -

This present law adjustment requests additional appropriation to fund increases anticipated in operating costs for the department's internal cost allocation plan which are funded from both federal and state special revenues. The pay plan increase projection multiplied by the internal cost allocation rate would be approximately \$10,450 for the biennium. In addition, increased usage of computer processing thru the mid-tier and central imaging totals \$39,550 each fiscal year. Also included in this request is authority to restore zero-based expenditures required by 2-15-124, MCA, to members of the Board of Labor Appeals \$50/day for each day engaged in board duties.

Labor & Industry-6602 Commissioner's Office/CSD-03



Program Description - The Commissioner's Office and the Legal and Centralized Services Division provide program direction, legal, administration, and support services to the department. Legal and Centralized Services provides the central support functions of the department through five bureaus: 1) Fiscal Support; 2) Technical Services; 3) Human Resources; 4) Hearings; and 5) Legal Services.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Classification Actions	88	99	145	122	122	122
Cases Processed	1,743	1,564	1,452	1,375	1,375	1,375
Federal Programs	78	78	78	75	75	75

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	20.50	0.00	0.00	20.50	0.00	0.00	20.50
Personal Services	969,374	132,230	0	1,101,604	131,443	0	1,100,817
Operating Expenses	298,452	19,754	0	318,206	19,342	0	317,794
Total Costs	\$1,267,826	\$151,984	\$0	\$1,419,810	\$150,785	\$0	\$1,418,611
General Fund	159,270	13,547	0	172,817	13,816	0	173,086
State/Other Special	653,702	97,746	0	751,448	96,747	0	750,449
Federal Special	411,728	15,861	0	427,589	15,497	0	427,225
Proprietary	43,126	24,830	0	67,956	24,725	0	67,851
Total Funds	\$1,267,826	\$151,984	\$0	\$1,419,810	\$150,785	\$0	\$1,418,611

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

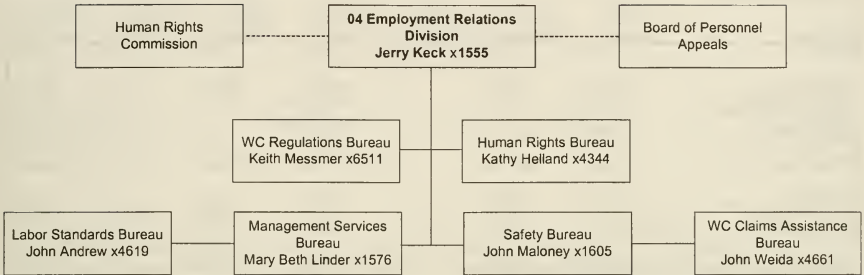
	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$31,203	FY04 \$7,079
FY05	\$31,298	FY05 \$7,079

PL- 11 - Misc. Operating Increase -

This request includes an increase for the department's internal cost allocation plan that has been allocated among the different funds within this division responsible for paying into this pool.

Labor & Industry-6602

Employment Relations Division-04



Program Description - The Employment Relations Division provides six service areas: 1) Workers' Compensation (WC) Regulation, which regulates WC insurance coverage requirements, policy compliance, medical regulations, and cost containment, and WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes; 2) Labor Standards Bureau, which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation; 3) Safety Bureau, which administers federal and state industrial safety laws; 4) Human Rights Bureau, which enforces Montana Human Rights Act and Governmental Code of Fair Practices through investigations, conciliation, hearings, and education and is responsible for enforcing laws which prohibit discrimination in employment, housing, public accommodations, financing and credit transactions, insurance, education, and government services; 5) Contractor Registration and Independent Contractor Exemption programs, which register contractors; and 6) Board of Personnel Appeals, which deals with issues related to wage and hour, and collective bargaining disputes between employers and employees and is administratively attached.

Program Indicators -

Indicator	Actual FY1998	Actual FY1999	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Safety Inspections	344	412	404	483	458	481	491	500
Mine Inspections	79	155	170	210	192	202	225	225
Safety & Mine Training Classes			158	255	398	270	260	250
Safety & Mine Number Trained			2211	3452	3850	2611	2515	2418
Wage & Hour Cases Filed	1,052	1138	1223	989	953	1000	1000	1000
Collective Bargaining Cases			185	159	160	160	160	160
Human Rights Intake Inquiries			7446	6385	6290	6541	7000	7385
Human Rights Cases			357	416	420	424	428	433
Workers' Compensation Claims			33075	33549	33700	33851	34022	34153
Workers' Compensation Mediations			1168	1195	1260	1319	1381	1446
Electronic Data Transmissions			21358	47355	55837	60000	65000	70000
Independent Contractor Exemptions			24902	27043	29204	31540	31600	31650
Registered Construction Contractors			9811	10082	11273	12738	14394	16264

Labor & Industry-6602

Employment Relations Division-04

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	116.51	0.00	0.00	116.51	0.00	0.00	116.51
Personal Services	4,637,473	410,970	0	5,048,443	408,370	0	5,045,843
Operating Expenses	2,356,730	106,599	0	2,463,329	105,250	0	2,461,980
Equipment	103,222	0	0	103,222	0	0	103,222
Benefits & Claims	258,597	0	0	258,597	0	0	258,597
Total Costs	\$7,356,022	\$517,569	\$0	\$7,873,591	\$513,620	\$0	\$7,869,642
General Fund	869,937	(15,388)	0	854,549	(17,677)	0	852,260
State/Other Special	5,751,732	546,310	0	6,298,042	544,650	0	6,296,382
Federal Special	734,353	(13,353)	0	721,000	(13,353)	0	721,000
Total Funds	\$7,356,022	\$517,569	\$0	\$7,873,591	\$513,620	\$0	\$7,869,642

Please note that a HB 576 section exists for this program.

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$50,000	FY04 \$0
FY05 \$50,000	FY05 \$0

PL- 2 – Automated Reporting -

The Employment Relations Division is requesting authority in information technology consulting services to augment current processes used for electronic reporting of required information to the workers' compensation database. These improvements would provide improved electronic access for small employers, insurance companies and the State Compensation Insurance Fund to report required data on injuries and proof of coverage directly to ERD without having to pay for reporting through a value added network and are funded with state special revenue.

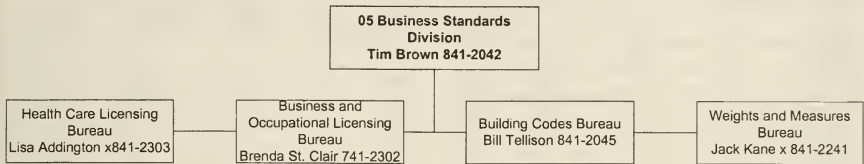
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$65,622	FY04 \$0
FY05 \$66,046	FY05 \$0

PL- 10 – Operating Cost Adjustments -

The division is requesting operating adjustments for ongoing operating costs to restore the per diem expense authority for the Board of Personnel Appeals and the Human Rights Commission and fund an increase in the Centralized Services Cost Allocation Plan. Funding for this request is state special revenue.

Labor & Industry-6602

Business Standards Division-05



Program Description - The Business Standards Division consists of four bureaus: Building Codes Bureau, Weights & Measures Bureau, Health Care Licensing Bureau and Business & Occupational Licensing Bureau. The Building Codes Bureau (BCB) establishes and enforces minimum building, plumbing, mechanical, electrical, energy, elevator and boiler codes for use throughout Montana, including factory built buildings, and approves and certifies local government code enforcement programs to utilize codes adopted by the bureau. BCB also assists the Board of Plumbers and State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance. The Weights & Measures Bureau (WMB) is responsible for licensing, inspecting, testing and certifying all weighing and measuring devices used in making commercial transactions in the Montana. WMB also enforces laws and regulations pertaining to the quantity control of prepackaged goods, the quality control of petroleum products and is responsible for maintaining the state standards of mass and volume applied when calibrating other mass and volume standards used in testing commercial devices. The Health Care Licensing Bureau (HCLB) provides administrative, clerical and compliance support for 19 licensing boards and one program that license professionals and individuals working in the health care field. The licensing boards and program in HCLB include 118 board members and 6 advisory counsel members appointed by the Governor. The Business & Occupational Licensing Bureau (BOLB) provides administrative, clerical and compliance support for 14 licensing boards and four licensing programs that license professionals and individuals working in non-health-care-related professions and occupations. The licensing boards in BOLB include 80 board members appointed by the Governor.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	104.53	0.00	1.50	106.03	0.00	1.50	106.03
Personal Services	3,648,845	859,905	45,174	4,553,724	863,354	45,038	4,557,037
Operating Expenses	4,859,224	842,742	18,623	5,720,589	866,952	16,123	5,742,299
Equipment	232,588	30,000	0	262,588	30,000	0	262,588
Grants	115	30,000	0	30,115	30,000	0	30,115
Total Costs	\$8,740,572	\$1,762,647	\$63,797	\$10,567,016	\$1,790,306	\$61,161	\$10,592,039
State/Other Special	8,740,572	1,762,647	63,797	10,567,016	1,790,306	61,161	10,592,039
Total Funds	\$8,740,572	\$1,762,647	\$63,797	\$10,567,016	\$1,790,306	\$61,161	\$10,592,039

Please note that a HB 576 section exists for this program.

Labor & Industry-6602

Business Standards Division-05

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Plumbing:						
Permits	2841	2627	3122	3150	3150	3150
Inspections	10494	9852	11382	11400	11400	11400
Comp. Orders	64	39	23	25	25	25
License Checks	1194	1110	1281	1300	1300	1300
MECHANICAL:						
Permits	798	720	715	725	725	725
Inspections	2540	2547	2539	2600	2600	2600
Comp. Orders	15	21	9	10	10	10
ELECTRICAL:						
Permits	13087	11734	12181	12200	12200	12200
Inspections	23663	22933	23562	23600	23600	23600
Comp. Orders	81	20	19	20	20	20
License Checks	1735	1520	1428	1450	1450	1450
BOILERS:						
Total Inspections	5948	5158	5430	5500	5500	5500
State	2526	2381	2642	2650	2650	2650
Insurance	3422	2777	2788	2800	2800	2800
Total Certifications	5594	4988	5247	5300	5300	5300
State	2237	2079	2462	2500	2500	2500
Insurance	3357	2909	2785	2800	2800	2800
ELEVATORS:						
Inspections	1315	1410	1459	1460	1460	1460
Certificates	1600	1562	1975	1980	1980	1980
BUILDINGS:						
Permits	1030	1144	1057	1060	1060	1060
Inspections	9996	13436	10722	10800	10800	10800
WEIGHTS & MEASURES BUREAU:						
Scales Licensed	6692	6700	3794	6800	6800	6800
Scales - Tested, Inspected, Certified	6434	6516	6342	6120	6120	6120
Inspection %	96.14%	97%	93%	90%	90%	90%
Pumps & Meters Licensed	14451	14500	14579	14600	14600	14600
Pumps - Tested, Inspected, Certified	12788	11699	12552	12410	12410	12410
Inspection %	88.4%	80%	86%	85%	85%	85%
LPG Meters Licensed	589	600	604	605	605	605

Labor & Industry-6602

Business Standards Division-05

LPG Meters – Tested, Inspected, Certified	529	533	428	514	514	514
Inspection %	89.8%	89%	71%	85%	85%	85%
Packages Measured	500	500	500	500	500	500
Packages Tested, Inspected	335	186	382	500	500	500
Inspection %	67%	37%	75%	100%	100%	100%
Octane Test Measure	300	300	300	300	300	300
Octane Tested	384	17	73	300	300	300
Inspection %	128%	6%	24%	100%	100%	100%
HEALTHCARE LICENSING BUREAU:						
Applications Processed*	2568	2944	3401	3503	5204	6596
Applicants Examined	2460	1817	1971	1815	4011	5383
New Licenses Issued	2421	2966	3049	2891	5060	5616
Licenses Renewed	30835	28130	32133	32899	35041	35656
Total Licenses	35243	35529	35521	36379	39034	40919
New Complaints Processed	443	438	463	476	514	519
Investigations Completed	109	116	93	112	119	131
Inspections Completed**	696	535	728	1209	1225	1268
Public Meetings Conducted	163	166	174	192	189	194
Disciplinary Actions Taken	69	110	80	117	118	125
BUSINESS & OCCUPATIONAL LICENSING BUREAU:***						
Applications Processed	5372	4961	6560	7134	7221	7197
Applicants Examined	1783	1825	1948	1933	1964	1956
New Licenses Issued	5371	5698	6323	6245	6336	6349
Licenses Renewed	20887	19405	26000	21376	27994	19727
Total Licenses	42567	43635	43721	43678	43884	43779
New Complaints Processed	726	921	535	635	557	631
Investigations Completed	170	306	157	190	192	192
Inspections Completed	2742	3470	2166	2165	3515	3515
Public Meetings Conducted	109	122	123	114	112	112
Disciplinary Actions Taken	348	1627	292	1581	381	1581

*The increase in FY04&05 is the result of the Board of Medical Examiners implementing licensing of First Responders in conjunction with the Department of Public Health & Human Services.

**Inspections are down in FY00,01,&02 due to a death of an inspector for Radiological Technicians and Clinical Labs Boards.

***Three boards have a biennial renewal process and one board has a triennial renewal process.

Labor & Industry-6602
Business Standards Division-05

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$27,281	FY04 \$0
FY05	\$28,131	FY05 \$0

PL- 3 - Restore OTO - BOLB & BCB Vehicle Request -

The Business & Occupational Licensing Bureau is requesting five leased vehicles from the State Motor Pool for the State Electrical Board, Board of Cosmetologists, Board of Barbers, and the Board of Outfitters. There will be an estimated cost savings of \$5,40 each year if the bureau utilizes lease vehicles rather than using Motor Pool Fleet or paying for personal cars used for state business. This proposal would also increase the funding for two new vehicles within Building Codes Bureau of the Business Standards Division. During the 2001 Legislature, a portion of the bureau's vehicle replacement funding was made OTO and this request is to request that vehicle replacement funding.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$70,000	FY04 \$0
FY05	\$70,000	FY05 \$0

PL- 6 - Legal Contingency Fund -

This request is to establish a legal proceeding contingency fund, which will support all boards and programs in legal matters and will ensure that cases will not be delayed. The funding for this request will be provided by the appropriate board fee revenues. With the growing number of cases it is difficult to anticipate costs. This funding will support an operating expense increase of \$70,000 in FY 2004 and an increase of \$70,000 in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$30,000	FY04 \$0
FY05	\$30,000	FY05 \$0

PL- 7 - Real Estate Regulation Grants Increase -

This request is for \$30,000 each year of the biennium to fund education grants to private education providers offering quality continuing education in rural areas and in specialty topic areas, where revenue will not meet expenses. The funding will come from the real estate recovery Account (37-1-501, MCA). Availability of continuing education is very limited in outlying areas. The grants are not intended to provide 100 percent funding for an educational course.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$144,200	FY04 \$0
FY05	\$108,927	FY05 \$0

PL- 8 - BCB & W&M Operating Increase -

This proposal increases the funding for administration and operating costs within the Building Codes Bureau as follows; Inspector base year travel increase due to vacancies (\$31,685 each year); rental savings (-\$1,665 in FY 2004 & -\$241 in FY 2005); and increase indirect costs to support BSD Admin (\$76,262.00 in FY 2004 & \$77,796 in FY 2005). Total increase for Building Codes Bureau is \$106,282 in FY 2004 & \$109,240 in FY 2005. This request would also increase the funding for operating costs in the Bureau of Weights & Measures, including increases in travel expenses, administrative recharges, rent, indirect costs. In this request there is also an alternative pay plan adjustment made.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$50,000	FY04 \$0
FY05	\$50,000	FY05 \$0

PL- 9 - Oracle System Support -

This request will increase funding in the Business Standards Division for POL Oracle systems for all professional and occupational licensing boards for consulting services by \$50,000 each year. The cost will be allocated to all the boards.

Labor & Industry-6602
Business Standards Division-05

Total Agency Impact

FY04 \$655,499

FY05 \$716,097

General Fund Total

FY04 \$0

FY05 \$0

PL- 13 - Board Operating Increase -

This request is to adjust authority for the boards in order to pay recharge to support bureau and division functions. This request also contains an alternative pay plan adjustment.

----- **New Proposals** -----

Total Agency Impact

FY04 \$63,797

FY05 \$61,161

General Fund Total

FY04 \$0

FY05 \$0

NP- 5 - Board FTE Requests -

The 2001 legislative session mandated registration of pharmacy technicians and revised the pharmacy practice act, which will require 1.00 FTE funded by registration fees from pharmacy technicians. Additionally, given the increase in numbers of plumbers, a 0.50 FTE and increased funding for the Board of Plumbers to meet mandatory continuing education requirements is also requested to ensure that all licensed plumbers will be updated to the Uniform Plumbing Codes.

Labor & Industry-6602

Office Of Community Service-07

07 Montana Community Services
Steve Nelson x2573

Program Description - Office of Community Services provides administration of federal Corporation for National Service programs (AmeriCorps and Campus Corps), community service, and volunteer efforts statewide, including the Volunteer Montana program. The office was created by the 1993 Legislature at the request of the Governor (MCA 90-14-101ff) in order to support community-based volunteer programs focused on addressing critical community needs. The vision of the office and its Commission on Community Service is to cultivate service as a lifelong "habit of the heart" for all citizens, and in particular, instill an ethic of community service in young Montanans. To that end, in the 2004-2005 biennium, the office is committed to:

- Encouraging all Montana citizens to engage in service activities in their community; involving youth in the life and work of communities; and expanding service opportunities for all Montanans.
- Contracting with and monitoring grants to community organizations utilizing part-time and full-time volunteers in an effort to make a difference, as well as work with other partners from the Corporation for National Service, which includes primarily the Office of Public Instruction, the University of Montana Campus Compact, and the Corporation State Office.
- Assisting some forty communities through training, technical assistance, monitoring and, where feasible, community "seed grants" in order to realize local action plans that encompass the Montana's Promise Initiative. Communities are working to ensure they have available for their children and youth the following five resources for healthy, productive living: 1) an ongoing relationship with a caring adult; 2) safe places and structured activities after school to learn and grow; 3) a healthy start in life; 4) marketable skills through effective education; and 5) opportunities for community service.
- Coordinating and overseeing annual training and technical assistance activities for national service programs in Montana, through AmeriCorps*USA, the National Senior Service Corps, and Learn & Serve America.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
AmeriCorps members	197	190	181	274	300	300

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00
Personal Services	113,621	42,242	0	155,863	41,790	0	155,411
Operating Expenses	106,530	6,944	0	113,474	6,974	0	113,504
Grants	1,838,744	1,000,000	0	2,838,744	1,000,000	0	2,838,744
Total Costs	\$2,058,895	\$1,049,186	\$0	\$3,108,081	\$1,048,764	\$0	\$3,107,659
General Fund	24,693	0	0	24,693	0	0	24,693
Federal Special	2,034,202	1,049,186	0	3,083,388	1,048,764	0	3,082,966
Total Funds	\$2,058,895	\$1,049,186	\$0	\$3,108,081	\$1,048,764	\$0	\$3,107,659

Labor & Industry-6602
Office Of Community Service-07

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,000,000	FY04	\$0
FY05	\$1,000,000	FY05	\$0

PL- 702 - Grant Funding Increase -

This request will provide the Office of Community Service the necessary federal authority to expend the increase in federal AmeriCorps Program grants. The three new planning grants are to develop programs with Statewide Headstart, Yellowstone Council on Aging, and Community Connections for Youth through MSU-Billings.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$3,645	FY04	\$0
FY05	\$3,630	FY05	\$0

PL- 703 - Misc. Expenses Increase -

The executive recommends an increase in federal special revenue in operating to cover the agency's indirect cost allocation plan and fund the Office of Community Service share of this increase.

Labor & Industry-6602

Workers Compensation Court-09

09 Workers Compensation
Court
Judge Mike McCarter x7794

Program Description - The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes.

Program Indicators -

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Petitions Filed	255	228	239	260	275	275
Trials	64	57	61	65	70	70
Settlement Conferences		14	23	30	30	35

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00
Personal Services	298,285	3,902	0	302,187	2,979	0	301,264
Operating Expenses	121,963	22,595	0	144,558	22,554	0	144,517
Total Costs	\$420,248	\$26,497	\$0	\$446,745	\$25,533	\$0	\$445,781
State/Other Special	420,248	26,497	0	446,745	25,533	0	445,781
Total Funds	\$420,248	\$26,497	\$0	\$446,745	\$25,533	\$0	\$445,781

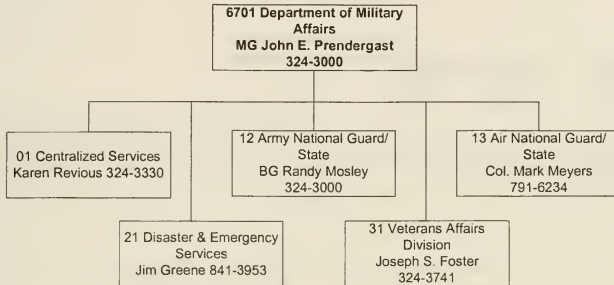
----- Present Law Adjustments -----

Total Agency Impact	General Fund Total
FY04 \$22,125	FY04 \$0
FY05 \$22,708	FY05 \$0

PL- 14 - Operating Expenses Increase -

This request to increase operating funding in the Worker's Compensation Court includes an increase in rent (\$1,125 in FY 2004 & \$1,708 in FY 2005); funding for Workers' Compensation Judge and staff attorney to attend judicial training (\$1,530 for biennium); travel (\$11,000 each year of biennium); and funding for court reporters (\$10,000 each year of the biennium). If the worst-case scenario does not materialize, the authority will revert.

Dept. of Military Affairs-6701



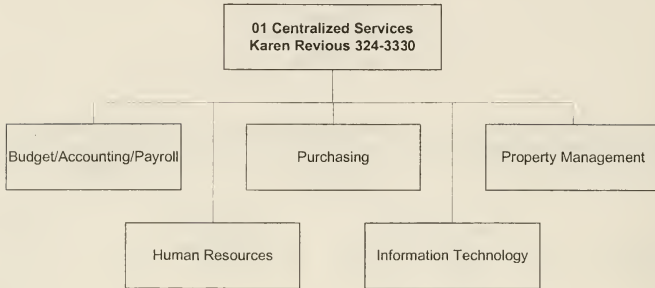
Mission Statement - To provide for safety and well being for citizens of Montana through mission-ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana Veterans.

Statutory Authority - Article I, U.S. Constitution; Article VI, Section 13, Montana Constitution, Title 10, MCA

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	114.00	1.50	50.40	165.90	1.50	50.40	165.90
Personal Services	4,529,507	627,264	1,682,031	6,838,802	627,291	1,678,341	6,835,139
Operating Expenses	4,867,500	808,811	1,760,457	7,436,768	776,150	1,854,155	7,497,805
Equipment	22,542	18,000	15,000	55,542	15,000	15,000	52,542
Grants	685,992	0	2,777,000	3,462,992	0	2,777,000	3,462,992
Benefits & Claims	2,280	0	0	2,280	0	0	2,280
Total Costs	\$10,107,821	\$1,454,075	\$6,234,488	\$17,796,384	\$1,418,441	\$6,324,496	\$17,850,758
General Fund	2,974,227	250,798	(61,068)	3,163,957	227,709	(61,338)	3,140,598
State/Other Special	151,344	106,208	1,370,522	1,628,074	95,376	1,460,300	1,707,020
Federal Special	6,982,250	1,097,069	4,925,034	13,004,353	1,095,356	4,925,534	13,003,140
Total Funds	\$10,107,821	\$1,454,075	\$6,234,488	\$17,796,384	\$1,418,441	\$6,324,496	\$17,850,758

----- Agency General Fund Target - \$6.30 million -----

Dept. Of Military Affairs-6701 Centralized Services-01



Program Description - The Centralized Services Division provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	8.20	1.00	0.00	9.20	1.00	0.00	9.20
Personal Services	395,039	101,433	0	496,472	100,053	0	495,092
Operating Expenses	53,875	(16,689)	0	37,186	(17,276)	0	36,599
Benefits & Claims	2,280	0	0	2,280	0	0	2,280
Total Costs	\$451,194	\$84,744	\$0	\$535,938	\$82,777	\$0	\$533,971
General Fund	394,510	43,895	0	438,405	42,127	0	436,637
Federal Special	56,684	40,849	0	97,533	40,650	0	97,334
Total Funds	\$451,194	\$84,744	\$0	\$535,938	\$82,777	\$0	\$533,971

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$39,639	FY04 \$0
FY05 \$39,548	FY05 \$0

PL- 3 - Restore OTO - State Cooperative Agreements Mgr -

Centralized Services Division is requesting funds to make a 1.00 FTE onboard compliance specialist position permanent. This position was approved in the last legislative session with one-time-only funding. The department receives federal funding from National Guard Bureau through cooperative agreements. There currently are 12 cooperative agreements, which include 9 appendices for different types of funding totaling \$11,500,000 for operations and maintenance and \$115,000,000 for construction. This position oversees the Federal-State Cooperative Agreement process. It reviews and tracks all expenditures made with funds from the cooperative agreements and is responsible for ensuring that reimbursements from the federal government for expenditures made by the state are requested in compliance with the Cash Management Improvement Act. This position is critical for ensuring that all allowable expenditures are reimbursed by the federal government.

Dept. Of Military Affairs-6701
Centralized Services-01

Total Agency Impact

FY04	(\$19,533)
FY05	(\$19,534)

General Fund Total

FY04	(\$19,533)
FY05	(\$19,534)

PL- 7003 - Reduce current level in Centralized Services -

This is a request by the executive to reduce the budget in Centralized Services to meet the departmental general fund target. This is a continuation of reductions made in the FY 2003 special session and the FY 2003 Governor's reductions. Also in this decision package is an alternative payplan adjustment.

Dept. Of Military Affairs-6701 Challenge Program-02

02 Challenge Program

Program Description - The Montana National Guard Youth ChalleNGe Program is a volunteer program for youth ages 16 to 18 who have stopped attending secondary school before graduating. ChalleNGe is a 17-month, voluntary two-phased military modeled training program targeting unemployed drug-free and law-free high school dropouts. The program provides an opportunity for high school at risk youth to enhance their life skills, increase their educational levels, and their employment potential. Phase I of the program is a 22-week residential stay on the campus of Western Montana College of the University of Montana in Dillon focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially-trained member of the community where the youth resides to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec Budget Fiscal 2005	
FTE	0.00	0.00	47.40	47.40	0.00	47.40	47.40	
Personal Services	0	0	1,540,469	1,540,469	0	1,536,229	1,536,229	
Operating Expenses	0	59,557	1,210,837	1,270,394	48,827	1,214,522	1,263,349	
Total Costs	\$0	\$59,557	\$2,751,306	\$2,810,863	\$48,827	\$2,750,751	\$2,799,578	
State/Other Special	0	30,527	1,100,522	1,131,049	19,531	1,100,300	1,119,831	
Federal Special	0	29,030	1,650,784	1,679,814	29,296	1,660,451	1,679,747	
Total Funds	\$0	\$59,557	\$2,751,306	\$2,810,863	\$48,827	\$2,750,751	\$2,799,578	

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,751,306	FY04	\$0
FY05	\$2,750,751	FY05	\$0

NP - 1 - Restore OTO - Montana NG Youth Challenge Program -

This request is to restore funding for the Montana Youth ChalleNGe program, which was previously funded with federal funds and a general fund match, but designated one-time by the last Legislature. For the 2005 biennium it is proposed that the match come from the employment security account (ESA) administered by the Department of Labor and Industry. The Youth ChalleNGe program is a five-month residential program, with a one-year post-residential mentoring component for 16-to-18-year-old youths who are drug-free, unemployed high school dropouts. Core components of the program are citizenship, academic excellence (GED/high school diploma attainment), life-coping skills, community service, health and hygiene, skills training, leadership/followership, and physical training.

Dept Of Military Affairs-6701 Scholarship Program-03

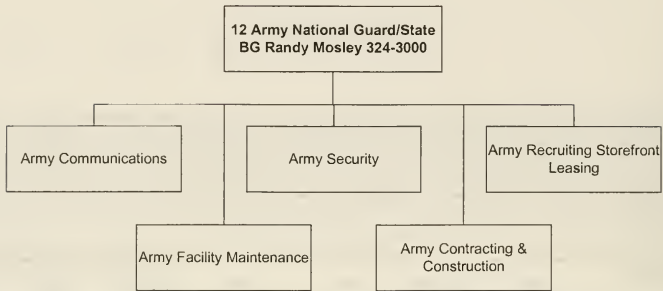
03 Scholarship Program
 BG Randy Mosley 324-3000

Program Description - The Montana National Guard Scholarship Program provides scholarships of up to \$500 per semester to eligible Montana National Guard personnel enrolled as undergraduate students in colleges, universities, or training programs. The program assists Montana in recruiting and retaining personnel in both the Army and Air National Guard and in enhancing its operational readiness to assume both state and federal active duty missions. Scholarships also reward guard members for their service to the state by helping defray their educational costs at Montana post-secondary institutions.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	0	0	0	0	0	0	0
Total Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General Fund	0	0	0	0	0	0	0
Total Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0

The Montana National Guard Scholarship program was funded at \$250,000 general fund by the 2001 Legislature. Because the appropriation was approved as a one-time-only appropriation, no base budget is shown. In order for the agency to meet the general fund target, the program is not funded in the Executive Budget for the 2005 biennium.

Dept Of Military Affairs-6701 Army National Guard Pgm-12



Program Description - The Army National Guard, until federalized, is a state military organization which provides trained and equipped military units for use in the event of a state or national emergency. The Federal/State Cooperative Agreement provides funding for facilities management, environmental, and communications support to the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing state-wide communication services, security contracts, and leases for buildings and land used by the Army National Guard. The program is mandated by the U.S. and Montana Constitutions and Title 10, Chapters 1-3, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	32.30	0.00	2.00	34.30	0.00	2.00	34.30
Personal Services	1,161,198	356,263	82,520	1,599,981	354,077	83,353	1,598,628
Operating Expenses	3,559,723	439,676	505,000	4,504,399	419,778	595,000	4,574,501
Equipment	20,075	18,000	15,000	53,075	15,000	15,000	50,075
Total Costs	\$4,740,996	\$813,939	\$602,520	\$6,157,455	\$788,855	\$693,353	\$6,223,204
General Fund	1,163,402	44,043	0	1,207,445	21,870	0	1,185,272
State/Other Special	17,561	8,439	270,000	296,000	8,439	360,000	386,000
Federal Special	3,560,033	761,457	332,520	4,654,010	758,546	333,353	4,651,932
Total Funds	\$4,740,996	\$813,939	\$602,520	\$6,157,455	\$788,855	\$693,353	\$6,223,204

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$85,637	FY04 (\$58,517)
FY05 \$85,855	FY05 (\$58,117)

PL - 5 - Army Facilities Operations -

This request reflects this division's share of the reductions necessary to meet the agency's general fund target for the 2005 biennium. Reductions made in the FY 2003 special session and the FY 2003 Governor's reductions are continued. The requested federal funding of \$144,154 in FY 2004 and \$143,972 in FY 2005 is to fund some operating increases and equipment purchases that are 100 percent federally funded. There is also an alternative pay plan adjustment in this request.

Dept Of Military Affairs-6701
Army National Guard Pgm-12

Total Agency Impact

FY04	\$266,000
FY05	\$266,000

General Fund Total

FY04	\$0
FY05	\$0

PL- 9 - MtNG Distance Learning Network - Comm. Adjust -

The Montana Army National Guard is requesting \$266,000 of federal spending authority for each fiscal year to maintain voice and data communications at a level necessary to support existing military communications operational needs.

Total Agency Impact

FY04	\$7,000
FY05	\$0

General Fund Total

FY04	\$0
FY05	\$0

PL- 13 - Construction Replacement Computers -

The Contracting and Construction Division is requesting \$7,000 of federal funding for replacement of four computer systems and upgrading one laptop computer in FY 2004.

----- **New Proposals** -----

Total Agency Impact

FY04	\$332,520
FY05	\$333,353

General Fund Total

FY04	\$0
FY05	\$0

NP- 8 - Environmental Program Operations -

This request is to change two federally-funded modified positions to 2.00 FTE permanent and increase the federal spending authority to match the increase in federal funding for the program. The National Guard Environmental program is responsible for ensuring the department is in full compliance with all state and federal environmental laws and requirements. The division is requesting \$332,520 in FY 2004 and \$333,353 in FY 2005.

Total Agency Impact

FY04	\$270,000
FY05	\$360,000

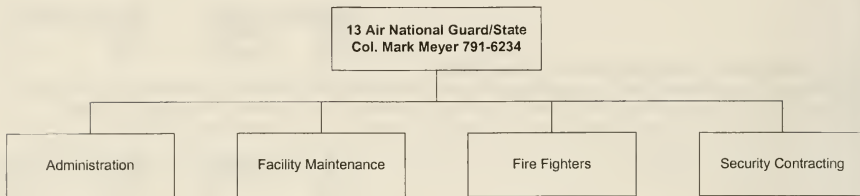
General Fund Total

FY04	\$0
FY05	\$0

NP- 14 - ARNG Distance Learning -

The Montana National Guard Distance Learning Network (MTNG DLN) is requesting state special revenue spending authority, \$270,000 in FY 2004 and \$360,000 in FY 2005, to be able to accept and expend funds for shared use of the network and to repair and maintain equipment and facilities. These funds would be collected from local, state or federal government or private individuals for use of the classrooms. The Department has established a state special revenue fund for the MTNG DLN to allow the network to accept funds for shared use and to accumulate funds to replace equipment during life cycle management.

Dept Of Military Affairs-6701 Air National Guard Pgm-13



Program Description - The Air National Guard program, until federalized, is a state military organization which provides trained and equipped military units for use in the event of a state or national emergency. The federal/state cooperative agreement provides for administrative, facilities maintenance, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard Program operates under both federal and state mandates in accordance with its dual missions and is mandated by the United States and Montana Constitutions and Title 10, Chapter 1-3, MCA

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	33.00	0.00	0.00	33.00	0.00	0.00	33.00
Personal Services	1,303,255	83,352	0	1,386,607	85,825	0	1,389,080
Operating Expenses	876,269	306,160	0	1,182,429	304,963	0	1,181,232
Total Costs	\$2,179,524	\$389,512	\$0	\$2,569,036	\$390,788	\$0	\$2,570,312
General Fund	188,423	120,359	0	308,782	119,985	0	308,408
Federal Special	1,991,101	269,153	0	2,260,254	270,803	0	2,261,904
Total Funds	\$2,179,524	\$389,512	\$0	\$2,569,036	\$390,788	\$0	\$2,570,312

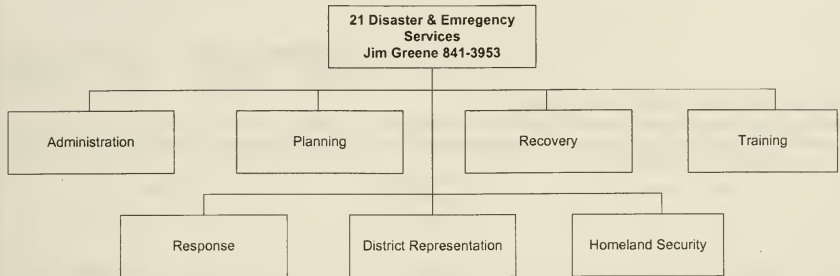
----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$272,349	FY04 \$75,588
FY05 \$272,348	FY05 \$75,587

PL- 4 - Air Guard Operations -

This is a request for funding to provide adequate support for the continued operations and maintenance of 47 buildings and 141 acres at the Air National Guard base in Great Falls. This request also reflects this division's share of the reductions necessary to meet the agency's general fund target for the 2005 biennium. There is a continuation of reductions made in the FY 2003 special session and the FY 2003 Governor's reductions.

Dept Of Military Affairs-6701 **Disaster & Emergency Services-21**



Program Description - The Disaster and Emergency Services Division: 1) works with local, state, and federal officials to prepare, update, and coordinate emergency preparedness, mitigation, response, and recovery plans; 2) provides technical assistance and coordination of the state response to assist political subdivisions in time of emergencies; and 3) receives, records, and disburses federal funds to eligible political subdivisions. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery and Federal Emergency Management Agency Terrorism program. The division is responsible for disaster planning activities, responding quickly and effectively to disasters and emergencies, being a source of information and 24-hour contact point, and coordinating state assistance to local governments. The program is provided for in Title 10, Chapter 3, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	21.00	0.00	2.00	23.00	0.00	2.00	23.00
Personal Services	979,771	27,218	95,110	1,102,099	28,048	94,827	1,102,646
Operating Expenses	225,773	(11,640)	44,620	258,753	(12,876)	44,633	257,530
Equipment	2,467	0	0	2,467	0	0	2,467
Grants	685,992	0	2,777,000	3,462,992	0	2,777,000	3,462,992
Total Costs	\$1,894,003	\$15,578	\$2,916,730	\$4,826,311	\$15,172	\$2,916,460	\$4,825,635
General Fund	505,871	18,998	(25,000)	499,869	19,111	(25,270)	499,712
State/Other Special	13,700	0	0	13,700	0	0	13,700
Federal Special	1,374,432	(3,420)	2,941,730	4,312,742	(3,939)	2,941,730	4,312,223
Total Funds	\$1,894,003	\$15,578	\$2,916,730	\$4,826,311	\$15,172	\$2,916,460	\$4,825,635

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,967,000	FY04	\$0
FY05	\$2,967,000	FY05	\$0

NP- 210 - Terrorism Preparedness and Equipment -

The objectives of this request are to enhance the capacity of state and local first responders to respond to a Weapons of Mass Destruction terrorism incident involving chemical, biological, nuclear, radiological, incendiary, or explosive devices. The U.S. Department of Justice federal funding allocated for this request provides equipment, exercise and training support for first responders at the state and local level. The basis for the federal allocation comes from the Statewide Domestic Preparedness Strategy, which was a requirement for receiving funding. The funding includes personal services for three temporary employees who will manage exercise development and implementation, and grant management.

**Dept Of Military Affairs-6701
Disaster & Emergency Services-21**

Total Agency Impact

FY04	(\$50,270)
FY05	(\$50,540)

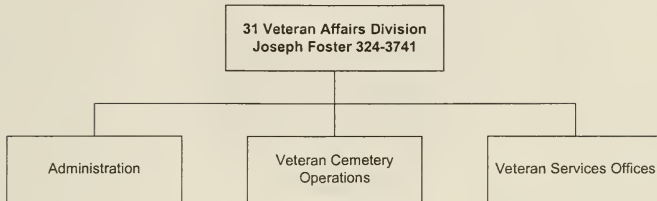
General Fund Total

FY04	(\$25,000)
FY05	(\$25,270)

NP- 7002 - Reduce Current Level FTE - DES -

This request will reduce current level FTE in Disaster and Emergency Services by 1.00 FTE. This reduction is necessary to ensure the division helps in meeting the department's 2005 biennium general fund target. There is also an alternative pay plan adjustment in this request.

Dept Of Military Affairs-6701 Veterans Affairs Program-31



Program Description - The Veterans Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Miles City and at Fort Harrison, in Helena. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate provided in Title 10, Chapter 2, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	19.50	0.50	(1.00)	19.00	0.50	(1.00)	19.00
Personal Services	690,244	58,998	(36,068)	713,174	59,288	(36,068)	713,464
Operating Expenses	151,860	31,747	0	183,607	32,734	0	184,594
Total Costs	\$842,104	\$90,745	(\$36,068)	\$896,781	\$92,022	(\$36,068)	\$898,058
General Fund	722,021	23,503	(36,068)	709,456	24,816	(36,068)	710,569
State/Other Special	120,083	67,242	0	187,325	67,406	0	187,489
Total Funds	\$842,104	\$90,745	(\$36,068)	\$896,781	\$92,022	(\$36,068)	\$898,058

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$60,432	FY04 \$0
FY05 \$60,263	FY05 \$0

PL- 18 - Veterans Cemeteries Operations -

This request is for state special spending authority and the increase of a part-time position (0.50 FTE) to a full-time 1.00 FTE position necessary for the continued operation of the two veterans cemeteries. Funding for this request comes from the sale of veteran's license plates, donations and plot allowance.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$36,068)	FY04 (\$36,068)
FY05 (\$36,068)	FY05 (\$36,068)

NP- 7001 - Reduce FTE - Veterans Affairs Div. -

This request will reduce the Veterans Affairs Division current level staff by 1.00 FTE. This reduction is this division's share of the department's effort to meet its 2005 biennium general fund target request.



EDUCATION

Office of Public Instruction
Board of Public Education
School of the Deaf and Blind
Montana Arts Council
Library Commission
Montana Historical Society
Commissioner of Higher Education

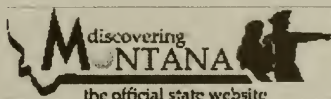
Montana University Systems (MUS)
Montana State University
University of Montana
Colleges of Technology
Bureau of Mines
Agricultural Experiment Station
Cooperative Extension Service
Forestry Experiment Station
Fire Services Training School

OBPP Staff*

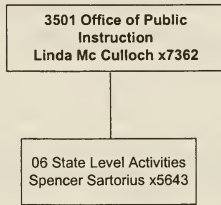
Mark Bruno
Amy Carlson

x4588
x4893

*See Reference Page 1 for specific staff assignments



Office Of Public Instruction-3501 State Level Activities-06



Mission Statement - To improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve.

Statutory Authority - Title 20, MCA

Supplemental Appropriation Description - The Office of Public Instruction will be requesting a supplemental appropriation of approximately \$3.5 million. This is primarily due to a shortfall of revenue in the guarantee fund.

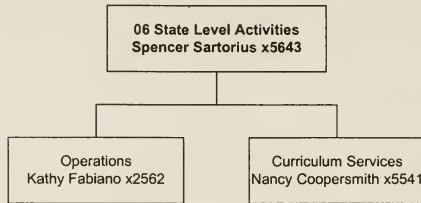
Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	114.91	3.10	7.30	125.31	3.10	7.30	125.31
Personal Services	5,345,610	513,585	119,007	5,978,202	514,649	113,343	5,973,602
Operating Expenses	5,491,564	973,068	4,660,104	11,124,736	1,047,922	4,689,869	11,229,355
Equipment	38,651	0	0	38,651	0	0	38,651
Local Assistance	556,690,550	(44,732,127)	(4,449,816)	507,508,607	(51,744,822)	7,752,493	512,698,221
Grants	88,069,720	16,874,513	6,398,056	111,342,289	21,345,429	6,483,056	115,898,205
Total Costs	\$655,636,095	(\$26,370,961)	\$6,727,351	\$635,992,485	(\$28,836,822)	\$19,038,761	\$645,838,034
General Fund	560,554,778	(44,299,269)	(8,696,434)	507,559,075	(51,306,740)	3,248,645	512,496,683
State/Other Special	1,092,119	(148,554)	4,098,000	5,041,565	(147,746)	4,360,000	5,304,373
Federal Special	93,898,407	18,167,653	11,325,785	123,391,845	22,708,455	11,430,116	128,036,978
Proprietary	90,791	(90,791)	0	0	(90,791)	0	0
Total Funds	\$655,636,095	(\$26,370,961)	\$6,727,351	\$635,992,485	(\$28,836,822)	\$19,038,761	\$645,838,034

----- **Agency General Fund Target - \$889.24 million** -----
plus HB 124 Amount in Schools - \$130.79 million

Agency proposed budget - including statutory appropriations							
	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
General Fund	560,554,778	(44,299,269)	(8,696,434)	507,559,075	(51,306,740)	3,248,645	512,496,683
State Special - HB 2	1,092,119	(148,554)	4,098,000	5,041,565	(147,746)	4,360,000	5,304,373
State Special - Statutory		45,843,000	1,000,000	46,843,000	46,413,000	(100,000)	46,313,000
Federal Special	93,898,407	18,167,653	11,325,785	123,391,845	22,708,455	11,430,116	128,036,978
Proprietary	90,791	(90,791)	0	0	(90,791)	0	0
Total Funds	\$655,636,095	\$19,472,039	\$7,727,351	\$682,835,485	\$17,576,178	\$18,938,761	\$692,151,034

Office Of Public Instruction-3501

State Level Activities-06



Program Description - The State Level Activities program provides leadership and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing statutorily prescribed duties. The program: 1) supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board; 2) is responsible for the distribution and accounting of state and federal funds provided to school districts; and 3) provides assistance and information to school districts. The program administers all federal grants received by OPI, including: 1) curriculum assistance; 2) special education; 3) ESEA/NCLB administration; 4) secondary vocational education administration; and 5) other educational services.

Language – "The office of public instruction may distribute funds from the appropriation in item (in-state treatment) to public school districts for the purpose of providing educational costs of children with significant behavioral or physical needs."

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Certified Staff (FTE) Employed by Public Schools	12,004	12,097	12,079	12,065	12,065	12,065

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	114.91	3.10	7.30	125.31	3.10	7.30	125.31
Personal Services	5,345,610	513,585	119,007	5,978,202	514,649	113,343	5,973,602
Operating Expenses	5,363,314	866,308	4,660,104	10,889,726	941,162	4,689,869	10,994,345
Equipment	38,651	0	0	38,651	0	0	38,651
Local Assistance	19,301	0	0	19,301	0	0	19,301
Total Costs	\$10,766,876	\$1,379,893	\$4,779,111	\$16,925,880	\$1,455,811	\$4,803,212	\$17,025,899
General Fund	4,374,491	266,896	(148,618)	4,492,769	272,120	(143,848)	4,502,763
State/Other Special	185,369	8,196	0	193,565	9,004	0	194,373
Federal Special	6,116,225	1,195,592	4,927,729	12,239,546	1,265,478	4,947,060	12,328,763
Proprietary	90,791	(90,791)	0	0	(90,791)	0	0
Total Funds	\$10,766,876	\$1,379,893	\$4,779,111	\$16,925,880	\$1,455,811	\$4,803,212	\$17,025,899

Please note that a HB 576 section exists for this program.

**Office Of Public Instruction-3501
State Level Activities-06**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$1,004,044	FY04 \$0
FY05	\$1,068,393	FY05 \$0

PL- 30 - Federal Grant Award Adjustments -

This is an adjustment in federal spending authority for grant awards currently administered by the Office of Public Instruction. The adjustments in federal grant awards are due to normal increases in federal funding and also the "No Child Left Behind Act of 2001" (NCLB) that reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). NCLB is an act to close the achievement gap with accountability, flexibility and choice, so that no child is left behind. ESEA provides targeted resources to help ensure that disadvantaged students have access to a quality public education.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$111,655)	FY04 \$0
FY05	(\$111,655)	FY05 \$0

PL- 45 - Advanced Driver Ed Enterprise - Removal from HB 2 -

The Advanced Driver Education program was changed to an enterprise program for the 2003 biennium. This request removes it from HB 2 and into non-HB 2 proprietary.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$108,892)	FY04 (\$134,233)
FY05	(\$106,551)	FY05 (\$132,706)

PL- 7000 - General Adjustments, including special session -

Adjustments include: contract rate increases for audiology testing of school children, adjustment for publication of the school law book, indirect cost adjustments, and special session reductions.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$253,250	FY04 \$253,250
FY05	\$263,250	FY05 \$263,250

NP- 13 - Statewide Student Assessment -

This request is to fund a contract with a national testing service for the annual assessment of students in grades 4, 8, and 11 as required by the Board of Public Education (BPE) and the Elementary and Secondary Education Act of 1994. The estimated cost of continuing reflects the estimates provided by the contractor, Riverside Publishing Company. Funding of the proposal would allow timely public access to education data, as well provide national comparison data on the academic achievement of students in the core academic areas.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$3,700,000	FY04 \$0
FY05	\$3,700,000	FY05 \$0

NP- 33 - Federal Assessment Requirement -

Section 1111(b) of the federal Elementary and Secondary Education Act (ESEA) as reauthorized by the "No Child Left Behind Act of 2001" requires states to develop and implement a single statewide accountability system that is:

- 1) based on academic standards, and
- 2) administered to all public elementary and secondary school students.

This proposal creates and implements the testing necessary to comply with this federal legislation with federal revenue.

Office Of Public Instruction-3501

State Level Activities-06

Total Agency Impact

FY04 \$75,000

FY05 \$78,000

General Fund Total

FY04 \$0

FY05 \$0

NP- 34 - National Assessment of Educational Progress -

Federal funding is provided to hire a National Assessment of Educational Progress (NAEP) State Administrator at OPI to assist with the implementation of NAEP in Montana. NAEP reading and mathematics assessments will be administered biennially to 4th and 8th grade students beginning in 2003. NAEP assessments in additional subjects at grades 4, 8, and 11 will also be conducted following appropriation of funds by the U.S. Congress. The NAEP State Administrator will coordinate the administration of NAEP within Montana; promote understanding of NAEP and its relevance to the state assessment program; coordinate the analysis and interpretation of NAEP data; and coordinate communication of NAEP information to school administrators, teachers, parents and the general public.

Total Agency Impact

FY04 \$50,154

FY05 \$50,123

General Fund Total

FY04 \$0

FY05 \$0

NP- 35 - Advanced Placement Incentive -

OPI has applied to participate in the federally funded Advanced Placement Incentive Program to reimburse a major portion of the cost, for low-income students, of taking advanced placement tests. In addition, the OPI is forming a consortium with the Office of the Commissioner of Higher Education to build a permanent system of support and services to enable low-income students to adequately prepare for challenging coursework in the higher grades and to enter and succeed in college.

Total Agency Impact

FY04 \$75,000

FY05 \$75,000

General Fund Total

FY04 \$0

FY05 \$0

NP- 36 - Character Education -

The goals of this federal grant are to create school and community environments that support the development and demonstration of character in youth; enhance student academic performance and interpersonal and civic skills; and design and implement an effective character education model program that will meet the unique needs of a rural, sparsely populated state, which can be duplicated in both rural and urban areas nationally.

Total Agency Impact

FY04 \$610,000

FY05 \$625,000

General Fund Total

FY04 \$0

FY05 \$0

NP- 39 - Reading First -

This new federal program replaces the Reading Excellence Act and helps states and local educational agencies utilize scientifically-based reading research to implement comprehensive reading instruction for children in kindergarten through third grade.

Funding requires schools that receive grants to select and administer screening, diagnostic, and classroom-based instructional reading assessments to determine which students in kindergarten through grade 3 are at risk of reading failure and requires provision of professional development for involved teachers in the essential components of reading instruction.

Office Of Public Instruction-3501

State Level Activities-06

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$24,108	FY04	\$0
FY05	\$24,108	FY05	\$0

NP- 40 - REI / Rural Low Income Schools -

OPI requests federal authority to coordinate and implement the provisions of the Rural Education Initiative's (REI) Rural Low Income Schools program (which is subpart 2 of the new federal ESEA law). This program provides federal funding to eligible school districts for teacher recruitment and retention, professional development, educational technology, parental involvement activities, safe and drug-free schools activities, language instruction activities and/or basic programs for improving the academic achievement of disadvantaged students.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$140,000	FY04	\$0
FY05	\$140,000	FY05	\$0

NP- 43 - Title IV 21st Century Community Learning Centers -

The Health Enhancement and Safety Division requests authority for 1.00 FTE and for administrative funds to coordinate and implement the 21st Century Community Learning Centers program. The program provides federal funding through a competitive grant process for school districts, community-based organizations and cooperative agreements between these groups to provide before-school, after-school, and summer school activities for school age children. Priority is given to schools with a high concentration of poor students and those schools determined to be in need of improvement. Activities must provide academic enrichment that complements regular school-based academic programs and provide literacy support to the families of students. The HES Division will implement the program and will arrange technical assistance and training services to Montana schools and community-based organizations. The current funding level and FTE level within the division is not sufficient to allow the OPI to provide this academic support service to schools.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$253,467	FY04	\$0
FY05	\$254,829	FY05	\$0

NP- 44 - Troops to Teachers -

OPI participates in the U.S. Department of Defense and U.S. Department of Education Troops-to-Teachers program. The program uses federal money to assist 75 to 100 participants from Montana, Idaho, South Dakota, North Dakota, Wyoming and elsewhere to secure employment for the 2003 school year. The goal of the program is to recruit and assist military personnel in their pursuit of teaching as a second career, by identifying and facilitating the most appropriate route to certification and assisting participants to secure employment as public school teachers.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$401,868)	FY04	(\$401,868)
FY05	(\$407,098)	FY05	(\$407,098)

NP- 7020 - Reduction to Balance the Budget -

In order to balance the overall state budget, the general fund available for OPI operations was reduced. Current level expenditures must be reduced by an additional \$808,962 for the 2005 biennium. OPI will accomplish this reduction through a variety of means, including elimination of 3.00 FTE management or other relatively higher paid positions, reducing the general fund budget for Carl Perkins match, eliminating the contract for grading GED exams and, as much as legally possible, switching the funding source for certain positions.

- Three management or other higher paid positions will be eliminated for a savings of \$189,449 in FY 2004 and \$188,885 in FY 2005.
- Operating expenditures in the Career Technical and Adult Education Division will be reduced to the minimum amount necessary to meet the federal match requirement for Carl Perkins funds, an annual reduction of \$19,480.
- A contract for the grading of GED exams will be eliminated, saving \$9,820 each year.
- The balance of the required biennial budget reduction (\$318,607) will be accomplished by, as much as legally possible, switching positions that are currently funded from the general fund to other funding sources. The details of the positions and funding will be determined at a later time.
- As a result of the above reductions, indirect costs paid from the general fund will also be reduced by \$63,841 in FY 2004 and \$64,600 in FY 2005.

Office Of Public Instruction-3501

Local Education Activities-09

09 Local Education Activities
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Program Description - The Local Education Activities program is used by OPI to distribute various state and federal funds to local education agencies.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
K-12 Public School Enrollment	157,556	154,875	151,947	149,936	147,280	145,075
Public Schools	880	877	877	878	878	878

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operating Expenses	128,250	106,760	0	235,010	106,760	0	235,010
Local Assistance	556,671,249	(44,732,127)	(4,449,816)	507,489,306	(5,744,822)	7,752,493	513,778,920
Grants	88,069,720	16,874,513	6,398,056	111,342,289	21,345,429	6,483,056	115,898,205
Total Costs	\$644,869,219	(\$27,750,854)	\$1,948,240	\$619,066,605	(\$30,292,633)	\$14,235,549	\$628,812,135
General Fund	556,180,287	(44,566,165)	(8,547,816)	503,066,306	(51,578,860)	3,392,493	507,993,920
State/Other Special	906,750	(156,750)	4,098,000	4,848,000	(156,750)	4,360,000	5,110,000
Federal Special	87,782,182	16,972,061	6,398,056	111,152,299	21,442,977	6,483,056	115,708,215
Total Funds	\$644,869,219	(\$27,750,854)	\$1,948,240	\$619,066,605	(\$30,292,633)	\$14,235,549	\$628,812,135

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$574,423	FY04 \$574,423
FY05 (\$7,481,926)	FY05 (\$7,481,926)

PL- 1 - Adjust K-12 BASE Aid -

This present law adjustment reflects the projected \$6.9 million savings to the state general fund for the K-12 BASE aid due to declining enrollment, increasing entitlements, and increasing retirement costs.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$81,031	FY04 \$81,031
FY05 \$81,031	FY05 \$81,031

PL- 2 - Adjust State Transportation Aid -

Establish the FY 2004 and FY 2005 appropriations for state transportation aid payments at \$81,000 higher than the base year amount in order to meet anticipated transportation expenses. State transportation payments are made using a statutory formula based on bus miles and ridership. Costs have leveled out in recent years and are not anticipated to increase.

Office Of Public Instruction-3501

Local Education Activities-09

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,008,584	FY04	\$1,008,584
FY05	\$1,008,584	FY05	\$1,008,584

PL- 3 - Special Ed. State Maintenance of Effort -

The base year expenditure is \$33,904,640. The state special education allocation in HB 2 in FY 2003 is \$34,912,640. Federal maintenance of effort requires that no reduction can be made in subsequent years. Appropriating a lesser amount than FY 2003 will result in a dollar-for-dollar reduction in federal funding for special education.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$33,817	FY04	\$33,817
FY05	\$143,817	FY05	\$143,817

PL- 5 - School Facility Reimbursement -

School facility payments use a statutory formula to determine the amount of reimbursement for which a district is eligible. HB 2 established the FY 2002 appropriation for state school facility payments to low-wealth school districts at \$4.35 million; actual expenditures were \$4.16 million.

This request is to establish the FY 2004 and FY 2005 appropriations for school facility payments at slightly higher than the anticipated expenditures in FY 2003 or \$4.20 million in FY 2004 and \$4.36 million in FY 2005. There is no indication of significant increases in bond issues in the next biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,200	FY04	\$4,200
FY05	\$8,500	FY05	\$8,500

PL- 8 - School District Audit Filing Fee Annual Increase -

This increase will allow OPI to pay school district audit filing fees in accordance with the Department of Administration's fee schedule, which is based on the amount of school district revenues. Payment of this fee from OPI to the Department of Administration is required by 2-7-514(2), MCA. This increase assumes school district revenues will increase 3 percent each year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$379,926	FY04	\$379,926
FY05	\$379,926	FY05	\$379,926

PL- 10 - Biennial Appropriations -

Appropriations for vocational education, gifted and talented, and in-state treatment, were established by the 2001 legislative session as biennial appropriations. OPI spent less than half of the appropriation in the base year. The amount remaining in these appropriations was carried forward into FY 2003. This adjustment reestablishes the biennial appropriation to the amount authorized by the 2001 legislative session.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$16,972,061	FY04	\$0
FY05	\$21,442,977	FY05	\$0

PL- 31 - Federal Grants Increase

The adjustments in current federal grant awards are due in part to the "No Child Left Behind Act of 2001" (NCLB) that reauthorized the Elementary and Secondary Education Act of 1965 (ESEA). NCLB is an act to close the achievement gap with accountability, flexibility and choice, so that no child is left behind. ESEA provides targeted resources to help ensure that disadvantaged students have access to a quality public education.

Office Of Public Instruction-3501

Local Education Activities-09

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$45,999,750)	FY04	45,843,000)
FY05	(\$45,569,750)	FY05	\$45,413,000)

PL- 49 - Guarantee Account - Statutory Appropriations -

This significant decrease in state general fund in HB 2 is directly offset with an increase in statutory state special authority. Statutory authority does not appear in HB 2, nor does it appear in the main tables of this section of the book. For a complete look at school funding see the table at the bottom of page E-1.

HB 7 from the 2002 Special Session created the statutory appropriation and the state special Guarantee Account. This proposal implements HB 7 by decreasing the general fund in HB 2 to account for the increased statutory appropriations.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$805,146)	FY04	(\$805,146)
FY05	(\$305,792)	FY05	(\$305,792)

PL- 51 - School Block Grants established in HB124 and HB18 -

This adjustment continues the block grants to schools and counties at the level stated in HB 18 of special session, which is the average of the FY 2002 and FY 2003 block grants, plus 0.76 percent each year will be the FY 2004 and FY 2005 block grant.

HB 18 states: "The governor shall include the appropriation in [section 248(1)] \$107,395,032 in the biennial present law base budget prepared for the 58th legislative session for continued funding of the school district budget items funded by that appropriation." and "The amount of \$12,210,205 must be reserved for countywide retirement and countywide transportation in fiscal year 2004, and the amount of \$12,303,002 must be reserved for countywide retirement and countywide transportation in fiscal year 2005."

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$250,000	FY04	\$0
FY05	\$250,000	FY05	\$0

NP- 32 - Community Service Grant Program -

Federal grant to implement a program under which students expelled or suspended from school are required to perform community service. This program is authorized within Title IV of the No Child Left Behind Act of 2001.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,890,000	FY04	\$0
FY05	\$2,975,000	FY05	\$0

NP- 39 - Reading First - Federal Title I, Part B, Subpart 1 -

This is a new federal program (replacing the Reading Excellence Act) to help states and local educational agencies utilize scientifically-based reading research to implement comprehensive reading instruction for children in kindergarten through third grade.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$458,056	FY04	\$0
FY05	\$458,056	FY05	\$0

NP- 41 - REI / Rural Low Income Schools -

The Rural Education Initiative's (REI) Rural Low Income Schools program (which is subpart 2 of the new federal ESEA law) provides funding to eligible school districts for teacher recruitment and retention, professional development, educational technology, parental involvement activities, safe and drug-free schools activities, language instruction activities and/or basic programs for improving the academic achievement of disadvantaged students.

Office Of Public Instruction-3501

Local Education Activities-09

The Rural Low Income (RLI) program provides new federal funds to school districts that: (1) are not eligible to participate in the REI program for small, rural schools (subpart 1 of the new federal ESEA law), (2) serve only schools with a school locale code of 6, 7 or 8 which designates the district rural location, and (3) have a child poverty rate of at least 20 percent (i.e., at least 20 percent of the children aged 5-17 who that are served by the district are from families with incomes below the poverty rate). Federal law provides for formula funding of eligible districts (95 percent of the total state award) to provide the services authorized under the RLI program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,800,000	FY04	\$0
FY05	\$2,800,000	FY05	\$0

NP- 43 - Title IV 21st Century Community Learning Centers -

The Health Enhancement and Safety Division requests authority for federal flow-through funds to implement the 21st Century Community Learning Centers program. The program provides funding through a competitive grant process for local school districts, community based organizations and cooperative agreements between these groups to provide before-school, after-school, and summer school activities for school age children. Priority is given to schools with a high concentration of poor students and those schools determined to be in need of improvement. Activities must provide academic enrichment that complements regular school-based academic programs and provide literacy support to the families of students. The HES Division will implement the program and will arrange technical assistance and training services to Montana schools and community-based organizations. The current funding level within the HES Division is not sufficient to allow the OPI to provide this academic support service to schools.

----- Other Legislation Required to Implement HB 2 -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$150,000)	FY04	(\$150,00)
FY05	\$6,929,448	FY05	\$6,929,448

NP- 8210 - Governor's Advisory Council recommendations on averaging ANB -

This proposal attempts to minimize the effect of declining enrollment on school district general fund budgets by calculating a district's basic and total per-student entitlements using average number belonging over a three year period in FY 2004 and thereafter. It also does this by recognizing the fixed cost components in school expenditures, which cause lags in cost changes associated with both increasing and decreasing enrollments. This will give schools time to adjust staffing and facilities as enrollments change. A minor change in the definition of ANB is also included in this proposal, to require that a student who attends only one class to no longer be counted as a half an ANB, resulting in a decrease in the cost of district general fund entitlements by an estimated \$100,000 per year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	\$0
FY05	\$0	FY05	\$0

NP- 8220 - Advisory Council: Transportation & some HB 124 -

This proposal combines several of the recommendations of the Governor's Advisory Council on School Funding. It includes: (1) simplifying the schedule for state and county reimbursement to school districts for school transportation by eliminating weighted ridership as a basis for determining the reimbursement rate and paying instead by bus size. The transportation proposal is funded by reducing by half the amount of district transportation HB 124 block grants. (2) converting current HB 124 block grants into the current school facility entitlement program, by allowing GTB eligible bond issues issued prior to 1991 to receive payment through this program (3) combining the HB 124 block grants for adult basic education, building reserve, bus depreciation, tuition and non-operating funds into a single block grant that can be used by the district in any budgeted fund.

Office Of Public Instruction-3501

Local Education Activities-09

Table E-1 summarized the effects of (1) and (2) above.

Table E-1						
Change in HB 124 Block Grants resulting from NP-8220						
	Block grant with no growth, school funding present law		NP-8220 amount		Amount including NP-8220	
	FY 2004	FY 2005	FY 2004	FY 2005	FY 2004	FY 2005
Block grant to Debt Service Fund	3,990,408	3,990,408	(3,990,408)	(3,990,408)	-	-
School funding - Facilities program	4,250,000	4,360,000	3,990,408	3,990,408	8,240,408	8,350,408
Subtotal	\$8,240,408	\$8,350,408	\$0	\$0	\$8,240,408	\$8,350,408
Block grant to Transportation Fund	3,493,321	3,493,321	(1,746,660)	(1,746,660)	1,746,660	1,746,660
School funding - Transportation program	10,400,000	10,400,000	1,746,660	1,746,660	12,146,660	12,146,660
Subtotal	\$13,893,321	\$13,893,321	\$0	\$0	\$13,893,321	\$13,893,321

Total Agency Impact

FY04	\$330,000
FY05	\$660,000

General Fund Total

FY04	\$330,000
FY05	\$660,000

NP- 8230 - Teacher Loan Repayment Program -

This proposal establishes a student loan repayment assistance program for Montana teachers with certification or endorsement to teach in critical geographic and endorsement shortage areas. The Board of Public Education will maintain the definitions for this program.

Total Agency Impact

FY04	\$0
FY05	\$0

General Fund Total

FY04	(\$4,098,000)
FY05	(\$4,360,000)

NP- 8240 - Fund Switch TSEP for General Fund -

This proposal diverts over \$4 million per year, or 50 percent of the Treasure State Endowment Program (TSEP) interest to a new school facility state special revenue account to meet the obligations of the state in accordance with 20-9-370, MCA. This frees general fund to be used for the costs of averaging in NP-8210.

Total Agency Impact

FY04	(\$1,000,000)
FY05	(\$900,000)

General Fund Total

FY04	(\$1,000,000)
FY05	(\$900,000)

NP- 8250 – Reallocate Timber Revenue to Base Aid -

Continue to use timber for technology funds in the school general fund budgets as was done in the 2003 biennium under the direction of HB 7 in the special session. This proposal temporarily eliminates the revenue dedicated to the school technology fund until FY 2007.

Total Agency Impact

FY04	(\$4,275,000)
FY05	(\$3,555,000)

General Fund Total

FY04	(\$4,275,000)
FY05	(\$3,555,000)

NP- 8270 - Retirement Fund Accounting Changes -

Change the accounting law for the retirement fund so that only the district general fund charges its retirement costs to the retirement fund. This addresses the concern that federal fund increases are rising substantially and that the state and local governments are subsidizing the federal programs through the districts charging retirement costs to the retirement fund. The proposal requires the fund that generates the salary cost to pay the retirement costs associated with that salary cost.

Office Of Public Instruction-3501 Local Education Activities-09

The effect of this accounting change will be that the district retirement budgets and reserves will be reduced. Likewise, the state general fund retirement expenditures will decrease by \$4.275 million in FY 2004 and \$3.555 million in FY 2005 and county taxes are reduced by approximately \$11 million per year. NP-8280 offsets this tax reduction in county levies with an increase in district levies.

Total Agency Impact

FY04	\$820,283
FY05	\$5,163,354

General Fund Total

FY04	\$820,283
FY05	\$5,163,354

NP- 8280 - School Entitlement increases and a reduction in the DSA percentage-

School district general fund budgets are funded with direct state aid and guaranteed tax base aid. Direct state aid (DSA) goes to all districts regardless of the relative taxable value or property tax wealth of the district. Guaranteed tax base (GTB) aid is distributed to districts with less than 175 percent of the average property tax wealth. This proposal decreases the DSA share of the district general fund entitlements from 44.7 percent to 42.56 percent. Likewise, GTB is increased from 35.3 percent to 37.44 percent. This results in a net tax increase to districts, which is offset by the tax reduction in NP-8270.

Table E-2
Entitlements, Enrollments, and State Aid

	FY 2001 actual	FY 2002 actual	FY 2003 estimate	FY 2004 recommend	FY 2005 recommend
<u>Elementary entitlements</u>					
per district	\$18,540	\$18,889	\$19,244	\$19,629	\$19,825
per ANB (approx./student)	\$3,763	\$3,834	\$3,906	\$3,984	\$4,024
<u>High School entitlements</u>					
per district	\$206,000	\$209,873	\$213,819	\$218,095	\$220,276
per ANB (approx./student)	\$5,015	\$5,109	\$5,205	\$5,309	\$5,362
<u>Base budget components (80% of entitlements)</u>					
Direct State Aid	44.7%	44.7%	44.7%	42.6%	42.6%
Guaranteed Tax Base Aid	35.3%	35.3%	35.3%	37.4%	37.4%
<u>Statewide figures</u>					
Average number belonging (ANB)	157,538	154,421	151,499	149,265	146,541
State aid district general fund (millions) (does not include HB124 revenue)	\$459.17	\$454.06	\$459.46	\$452.79	\$455.71
State aid/ANB district general fund	\$2,915	\$2,940	\$3,033	\$3,033	\$3,110

Also included in this decision package is a 2% increase in school district general fund entitlements in FY 2004 and a 1 percent increase in FY 2005. These increases are shown the Table E-2. The relatively flat state funding coupled with declining enrollments creates increasing state funding on a per student basis.

Total Agency Impact

FY04	(\$175,099)
FY05	(\$545,309)

General Fund Total

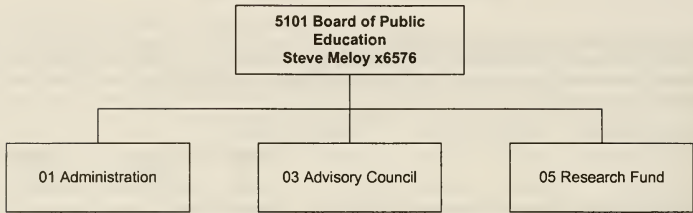
FY04	(\$175,099)
FY05	(\$545,309)

NP- 8290 - Adjust HB 124 Block Grants -

Two factors are adjusting the block grants:

1. A two-year delay in the increase in growth rate for school block grants authorized in HB 124.
2. Increase the county block grants because the amount of revenue received by counties in FY 2001, which block grants were based on, was inaccurately reported to the state from the counties. The counties have corrected the data and the block grant is being revised accordingly.

Board Of Public Education-5101



Mission Statement - The Board of Public Education shall carry out its constitutional and statutory responsibility in an exemplary manner to exercise general supervision over the public school system and other such public educational institutions as may be assigned by law. In doing so, the board will cooperate with the Governor and other elected officials, the Board of Regents, Superintendent of Public Instruction, local school boards, the education community and all Montana citizens, including its students.

Statutory Authority - Article X, Section 9, Montana Constitution; 2-15-1507 and 2-15-1522, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00
Personal Services	198,938	10,455	0	209,393	10,081	0	209,019
Operating Expenses	110,358	22,458	0	132,816	22,410	0	132,768
Total Costs	\$309,296	\$32,913	\$0	\$342,209	\$32,491	\$0	\$341,787
General Fund	166,141	(8,935)	0	157,206	(11,206)	0	154,935
State/Other Special	143,155	41,848	0	185,003	43,697	0	186,852
Total Funds	\$309,296	\$32,913	\$0	\$342,209	\$32,491	\$0	\$341,787

----- Agency General Fund Target - \$312,000 -----

Board Of Public Education-5101 Administration-01

01 Administration

Program Description - The staff of the Administration Program provides administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00
Personal Services	121,431	(6,818)	0	114,613	(6,902)	0	114,529
Operating Expenses	56,751	830	0	57,581	(1,508)	0	55,243
Total Costs	\$178,182	(\$5,988)	\$0	\$172,194	(\$8,410)	\$0	\$169,772
General Fund	166,141	(8,935)	0	157,206	(11,206)	0	154,935
State/Other Special	12,041	2,947	0	14,988	2,796	0	14,837
Total Funds	\$178,182	(\$5,988)	\$0	\$172,194	(\$8,410)	\$0	\$169,772

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$3,000	FY04 \$0
FY05 \$3,000	FY05 \$0

PL- 2 - Administrative Assessment -

Increase the contribution of the research fund to the board's operating budget to cover the increased workload attributed to educator certification issues which are ongoing and growing. The increased dollars will come from teacher certification fees earmarked by the Legislature in a state special revenue fund.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$6,423)	FY04 (\$6,423)
FY05 (\$6,622)	FY05 (\$6,622)

PL- 7000 - General Adjustments -

The zero-based per diem for board members is restored, offset by continuing a portion of the FY 2003 Governor's reductions and all of the global special session reductions.

Board Of Public Education-5101 Advisory Council-03

03 Advisory Council

Program Description - The seven-member Certification Standards and Practices Advisory Council was created by the Legislature in 1987 to study and make recommendations to the Board of Public Education in the following areas: 1) teacher, administrator, and specialist certification standards; 2) the status and efficacy of approved teacher education programs; and 3) the feasibility of establishing teaching certification and the appeals process. The board staff provides administrative, research, and clerical duties to the council. The advisory council is created in 2-15-1522, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00
Personal Services	77,507	17,273	0	94,780	16,983	0	94,490
Operating Expenses	53,607	21,628	0	75,235	23,918	0	77,525
Total Costs	\$131,114	\$38,901	\$0	\$170,015	\$40,901	\$0	\$172,015
State/Other Special	131,114	38,901	0	170,015	40,901	0	172,015
Total Funds	\$131,114	\$38,901	\$0	\$170,015	\$40,901	\$0	\$172,015

----- Present Law Adjustments -----

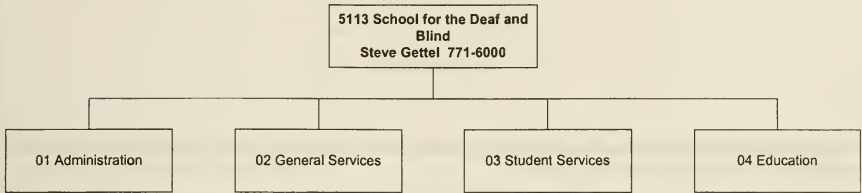
<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$18,554	FY04 \$0
FY05 \$22,289	FY05 \$0

PL- 5 - Tie Appropriations to Anticipated Revenue -

Research revenue is anticipated to be \$55,000 in FY 2004 and \$56,000 in FY 2005 and the account also has a fund balance in excess of \$85,000. In the adjusted base in research are \$28,252 in FY 2004 and \$27,936 in FY 2005. This adjustment increases by \$31,763 in FY 2004 and \$32,079 in FY 2005 and brings research fund spending to \$60,015 each year of the biennium. This spends \$5,015 of fund balance in FY 2004 and \$4,015 in FY 2005.

Advisory council revenue is anticipated to be \$110,000 in FY 2004 and \$112,000 in FY 2005. The adjusted base for the Advisory council is \$123,209 in FY 2004 and \$121,790 in FY 2005. To meet the revenue available, expenditures have been reduced by \$13,209 in FY 2004 and \$9,790 in FY 2005.

School For The Deaf & Blind-5113



Mission Statement - To provide to deaf children and blind children in the State of Montana a quality comprehensive education that will impart the opportunities to enable them to achieve their greatest potential of independence and success; and to serve as a resource center providing information, consultation, technical assistance, and leadership to (1) parents of deaf and/or blind children not yet enrolled in an educational program, (2) to public schools in the state having deaf and/or blind children enrolled, and (3) to organizations and individuals concerned with the provision of services to these children.

Statutory Authority - Title 20, Chapter 8, part 1, MCA.

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	81.68	0.00	0.00	81.68	0.00	0.00	81.68
Personal Services	3,255,166	191,493	0	3,446,659	194,271	0	3,449,437
Operating Expenses	546,490	36,046	(84,328)	498,208	16,071	(66,725)	495,836
Equipment	28,802	(28,802)	0	0	(28,802)	0	0
Total Costs	\$3,830,458	\$198,737	(\$84,328)	\$3,944,867	\$181,540	(\$66,725)	\$3,945,273
General Fund	3,506,495	141,323	(141,323)	3,506,495	123,720	(123,720)	3,506,495
State/Other Special	235,065	49,616	56,995	341,676	50,022	56,995	342,082
Federal Special	88,898	7,798	0	96,696	7,798	0	96,696
Total Funds	\$3,830,458	\$198,737	(\$84,328)	\$3,944,867	\$181,540	(\$66,725)	\$3,945,273

----- Agency General Fund Target - \$7.01 million -----

School For The Deaf & Blind-5113

Administration Program-01

01 Administration

Program Description - The Administration Program staff provide purchasing, accounting, personnel functions, and management of business affairs for the school.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00
Personal Services	230,284	15,280	0	245,564	14,537	0	244,821
Operating Expenses	82,012	6,739	(2,105)	86,646	(17,023)	(2,105)	62,884
Total Costs	\$312,296	\$22,019	(\$2,105)	\$332,210	(\$2,486)	(\$2,105)	\$307,705
General Fund	312,296	21,438	(2,105)	331,629	(3,473)	(2,105)	306,718
State/Other Special	0	581	0	581	987	0	987
Total Funds	\$312,296	\$22,019	(\$2,105)	\$332,210	(\$2,486)	(\$2,105)	\$307,705

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$2,105)	FY04 (\$2,105)
FY05 (\$2,105)	FY05 (\$2,105)

NP- 7020 - Reduction to Balance the Budget -

Reduction to the base operating supplies and travel in order to balance statewide general fund revenue and expenditures.

School For The Deaf & Blind-5113

General Services Program-02

02 General Services

Program Description - The General Services Program staff are responsible for general upkeep and maintenance of the school's eight buildings and 12-acre campus.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00
Personal Services	115,094	12,078	0	127,172	12,136	0	127,230
Operating Expenses	201,934	27,270	(7,500)	221,704	25,391	(7,500)	219,825
Total Costs	\$317,028	\$39,348	(\$7,500)	\$348,876	\$37,527	(\$7,500)	\$347,055
General Fund	317,028	39,348	(7,500)	348,876	37,527	(7,500)	347,055
Total Funds	\$317,028	\$39,348	(\$7,500)	\$348,876	\$37,527	(\$7,500)	\$347,055

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 \$0
FY05 (\$2,000)	FY05 (\$2,000)

PL- 5 - Bond Repayment - Mechanical Project -

The State Buildings Energy Conservation Program funded a retrofit of the school HVAC system in 1994. The bond repayment schedule on this project decreases from \$10,000 in FY 2004 to \$8,000 in FY 2005.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$7,500	FY04 \$7,500
FY05 \$6,013	FY05 \$6,013

PL- 7000 - General Adjustments -

There is a reduction in vehicle maintenance and gasoline due to savings from replacing an old school van with a lease van from the State Motor Pool, offset by a \$7,500 per year increase in campus maintenance.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$7,500)	FY04 (\$7,500)
FY05 (\$7,500)	FY05 (\$7,500)

NP- 7020 - Reduction to Balance the Budget -

Reduction to base operating expenses in supplies and utilities in order to balance statewide general fund revenue and expense.

School For The Deaf & Blind-5113

Student Services-03

03 Student Services

Program Description - The Student Services Program provides residential care for children living at the school.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	29.74	0.00	0.00	29.74	0.00	0.00	29.74
Personal Services	804,597	122,438	0	927,035	124,746	0	929,343
Operating Expenses	102,678	2,278	(3,846)	101,110	7,941	(3,846)	106,773
Equipment	28,802	(28,802)	0	0	(28,802)	0	0
Total Costs	\$936,077	\$95,914	(\$3,846)	\$1,028,145	\$103,885	(\$3,846)	\$1,036,116
General Fund	911,077	93,162	(3,846)	1,000,393	101,133	(3,846)	1,008,364
Federal Special	25,000	2,752	0	27,752	2,752	0	27,752
Total Funds	\$936,077	\$95,914	(\$3,846)	\$1,028,145	\$103,885	(\$3,846)	\$1,036,116

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$15,050)	FY04	(\$17,802)
FY05	(\$9,547)	FY05	(\$12,299)

PL- 7000 - General Adjustments -

The adjustment includes removing budget for the one-time purchase of new vehicles, reinstating overtime, which is zero-based, adjusting the food budget and replacing a 15-passenger van with a leased 7-passenger van from the State Motor Pool in FY 2005. The offsetting reduction in vehicle maintenance and gasoline is included in the General Services Program since the lease rate for the van includes gasoline and maintenance.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$3,846)	FY04	(\$3,846)
FY05	(\$3,846)	FY05	(\$3,846)

NP- 7020 - Reduction to Balance the Budget -

Reduction will be made to the operating expenses in order to balance statewide general fund revenue.

School For The Deaf & Blind-5113 Education-04

04 Education

Program Description - The Education Program provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. The Education Program serves visually and hearing impaired children who remain in their local school districts by providing deaf/blind educational support services to the students' local schools. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls public school system.

Program Indicators -

Indicator	Actual FY 1999	Actual FY 2000	Actual FY 2001	Actual FY 2002	Estimated FY 2003	Estimated FY 2004	Estimated FY 2005
Campus Based Services: 20-8-102 MCA, 10.61.102 ARM							
Total Served	148*	316	287	314	297	313	329
Education Program – Deaf/Hearing Impaired	62	55	51	53	47	50	53
Education Program – Blind/Visually Impaired	26	30	28	27	23	24	25
Residential Program	40	40	39	42	37	39	41
Evaluations – Educational	20	26	22	32	30	32	34
Evaluations – Audiological	-	165	147	160	160	168	176
Outreach and Itinerant Services: 20-8-102 MCA, 10.61.102 ARM							
Total Served	173	229	246	255	273	280	292
Consultation Services- Deaf/Hearing Impaired	14	52	59	75	76	80	84
Parent Advisor Program	9	13	13	10	10	15	23
Consultation Services- Blind/Visually Impaired	150	164	174	170	187	185	185

* Incomplete data - Data not available

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	42.94	0.00	0.00	42.94	0.00	0.00	42.94
Personal Services	2,105,191	41,697	0	2,146,888	42,852	0	2,148,043
Operating Expenses	159,866	(241)	(70,877)	88,748	(238)	(53,274)	106,354
Total Costs	\$2,265,057	\$41,456	(\$70,877)	\$2,235,636	\$42,614	(\$53,274)	\$2,254,397
General Fund	1,966,094	(12,625)	(127,872)	1,825,597	(11,467)	(110,269)	1,844,358
State/Other Special	235,065	49,035	56,995	341,095	49,035	56,995	341,095
Federal Special	63,898	5,046	0	68,944	5,046	0	68,944
Total Funds	\$2,265,057	\$41,456	(\$70,877)	\$2,235,636	\$42,614	(\$53,274)	\$2,254,397

**School For The Deaf & Blind-5113
Education-04**

----- **Present Law Adjustments** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,191	FY04	\$50,191
FY05	\$50,191	FY05	\$50,191

PL- 7000 - General Adjustments -

The recommendation includes reinstating insurance and extra-curricular compensation omitted by MBARS calculations.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$0	FY04	(\$56,995)
FY05	\$0	FY05	(\$56,995)

NP- 7001 - Continue Special Session Fund Switch -

SB 27 in the special session enabled the Legislature to appropriate the state special revenue fund for telecommunications services for persons with disabilities to the School for the Deaf and Blind. This proposal continues the same level of appropriation to the school as was allocated in the special session, or \$56,995. This is accomplished through a fund switch reducing general fund and increasing state special fund by the same amount.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$70,877)	FY04	(\$70,877)
FY05	(\$53,274)	FY05	(\$53,274)

NP- 7020 - Reduction to Balance the Budget -

Reduction will be taken in operating expenses primarily, in the supplies and materials budget, but also in repairs and other operating expenses.

Montana Arts Council-5114

Promotion Of The Arts-01

5114 Montana Arts Council
Arlynn Fishbaugh x6430

01 Promotion of the Arts

Mission Statement - To encourage the study and presentation of the arts in Montana and to stimulate public interest and participation.

Statutory Authority - 22-2-101-109, MCA.

Program Description - The Montana Arts Council cooperates with public and private institutions engaged in artistic and cultural activities. The council: 1) recommends appropriate methods to encourage participation in and appreciation of the arts; 2) fosters interest in the state's cultural heritage; 3) expands the state's cultural resources; and 4) encourages and assists freedom of artistic expression through ongoing programs and council initiated projects. The council administers the Cultural and Aesthetic Projects Advisory Committee authorized in 22-2-302, MCA. This committee reviews all proposals for cultural and aesthetic project grants and presents its recommendations to the legislature.

Language Recommendations- "All federal funds in item 1 are biennial appropriations."

Program Indicators-

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Stable grant funding to organizations	\$405,000	\$423,000	\$437,000	\$513,000	\$462,000	\$462,000
State of the Arts newsletter subscribers/users	6,500	7,200	7,400	7,900	8,400	8,900
Arts Education residencies/services— students/community reached	30,000 students	36,200 students	40,500 students	40,500 students	50,000 students	50,000 students

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	7.00	0.00	0.00	7.00	0.00	0.00	7.00
Personal Services	314,676	57,744	0	372,420	58,380	0	373,056
Operating Expenses	237,299	(14,733)	0	222,566	(19,116)	0	218,183
Grants	392,434	101,257	(31,120)	462,571	101,263	(31,120)	462,577
Total Costs	\$944,409	\$144,268	(\$31,120)	\$1,057,557	\$140,527	(\$31,120)	\$1,053,816
General Fund	339,050	(7,589)	(31,120)	300,341	(6,423)	(31,120)	301,507
State/Other Special	140,829	17,271	0	158,100	12,394	0	153,223
Federal Special	464,530	134,586	0	599,116	134,556	0	599,086
Total Funds	\$944,409	\$144,268	(\$31,120)	\$1,057,557	\$140,527	(\$31,120)	\$1,053,816

----- Agency General Fund Target - \$602,000 -----

Montana Arts Council-5114 **Promotion Of The Arts-01**

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$607	FY04 \$176
FY05	\$625	FY05 \$181

PL- 1 - Rent Increase -

This is the cost and the funding for the present law increase in rent under the recently-negotiated lease with the City-County Administration the Department of Administration. The increase is 3 percent per year for the next three years.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$7,943	FY04 \$1,304
FY05	\$20,899	FY05 \$6,963

PL- 2 - Administrative Cost Adjustments -

This decision package reestablishes per diem for the Council and for the Cultural & Aesthetic Projects Citizens' Advisory Panel and allows some other basic adjustments, including professional services, legal fees, printing, in-state lodging, and a state and federal required strategic plan.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	\$115,850	FY04 \$0
FY05	\$115,856	FY05 \$0

PL- 3 - Federal Funds Increase -

Current year National Endowment of the Arts award funding is being used as the projected funding for FY 2004 and FY 2005. This increase is allocated by the NEA for specific purposes including \$11,400 for Artists in the Schools, \$40,000 for Challenge America, and the balance to increase Arts in Underserved Communities activities.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$27,103)	FY04 (\$27,103)
FY05	(\$27,103)	FY05 (\$27,103)

PL- 7000 - Continue Art Pros Reduction -

Professional development grants provide matching funds for Montanans to attend seminars, conferences and workshops to further improved artistic quality and community service in the arts. The arts pros consultant program allows artists and art administrators to seek advice for technical, administrative and marketing queries. These reductions were part of the first Governor's cuts and the funding remaining allows a small portion of the program to continue.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$15,000)	FY04 (\$15,000)
FY05	(\$15,000)	FY05 (\$15,000)

NP- 7002 - Reduction in the Arts Education Program -

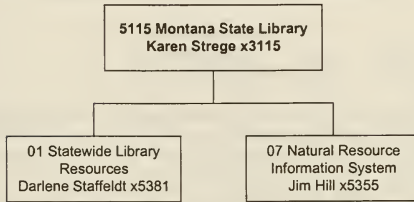
The previous \$1,200 cut in the Arts Education program is continued into the 2005 biennium and increased to completely eliminate the program.

<u>Total Agency Impact</u>		<u>General Fund Total</u>
FY04	(\$16,120)	FY04 (\$16,120)
FY05	(\$16,120)	FY05 (\$16,120)

NP- 7003 - Eliminate Local Community Grants -

The Local Community Grants program is eliminated due to revenue shortfall.

Library Commission-5115



Mission Statement - To help all citizens receive the information services that they need to improve or enhance their lives by providing comprehensive information about natural resources; fulfilling the information needs of state agency employees; preserving state publications; improving public library services; promoting cooperation among Montana libraries of all types; and providing reading material to those with physical disabilities.

Statutory Authority - Title 22, Chapter 1, and Title 90, Chapter 15, MCA.

Language - "Item 1 includes biennial appropriations of \$251,138 in general fund money and \$850,000 in federal funds for grants to local libraries."

"Item 2b includes \$500,000 for legislative contract authority as a biennial appropriation, subject to the following provisions:

(1) Legislative contract authority applies only to state special revenue funds received from the Montana university system, federal funds, and private funds.

(2) Legislative contract authority expenditures must be reported on the state accounting system. The records must be separate from present law operations. In preparing the 2007 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.

(3) A report must be submitted by the state library commission to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a listing of projects with the related amount of expenditures for each project.

(4) Legislative contract authority may be transferred between state and federal special revenue, depending upon the contract received by the Montana state library."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	30.50	0.00	(2.00)	28.50	0.00	(2.00)	28.50
Personal Services	1,357,627	(61,895)	(53,162)	1,242,570	(63,304)	(53,070)	1,241,253
Operating Expenses	1,023,664	(68,952)	281,500	1,236,212	(72,692)	281,500	1,232,472
Equipment	157,511	0	(75,928)	81,583	0	(75,928)	81,583
Grants	838,282	742,073	(224,582)	1,355,773	40,935	(228,355)	650,862
Transfers	0	0	500,000	500,000	0	0	0
Total Costs	\$3,377,084	\$611,226	\$427,828	\$4,416,138	(\$95,061)	(\$75,853)	\$3,206,170
General Fund	1,774,096	286,504	(164,971)	1,895,629	30,559	(164,879)	1,639,776
State/Other Special	666,421	30,595	117,799	814,815	30,253	89,026	785,700
Federal Special	936,567	294,127	475,000	1,705,694	(155,873)	0	780,694
Total Funds	\$3,377,084	\$611,226	\$427,828	\$4,416,138	(\$95,061)	(\$75,853)	\$3,206,170

----- Agency General Fund Target - \$3.54 million -----

Library Commission-5115

Statewide Library Resources-01

01 Statewide Library
Resources
Darlene Staffeldt x5381

Program Description - The State Library Operations Program provides 1) information services to state government; 2) referral and back-up services to all libraries in the state; 3) direct library service to all blind and physically handicapped Montana residents; 4) staff consultation and services to individual libraries; and 5) direction to the six library federations. This program also administers the state documents depository system, functions as a partial depository for federal government publications, and coordinates the development of information resources and library information systems throughout the state. The program also manages the budgetary, personnel, and administrative functions of the State Library.

Program Reorganization - Montana State Library Digital Library Initiative - The Montana State Library (MSL) manages a unique collection of print and digital information; it is the point of access for state government publications, Montana-related digital maps and information related to Montana's natural resources. New methods of integrating and providing information offer an opportunity for reorganizing and refocusing MSL to create greater efficiency, reduced costs, and superior service to Montana decision-makers, businesses, students and citizens. This proposal builds on MSL's history of serving information, its staff expertise, and its nationally recognized success in serving digital natural resource information via the Internet.

MSL will merge and transform the Library Information Services department (LISD) and the Natural Resource Information System (NRIS) to create the Montana State Library Digital Library (Library), as a reliable, easily-accessible source for information. This Library will enable the state to more effectively meet growing demands for direct access to rapidly expanding information resources, as well as the business imperatives for greater efficiency and lower cost-for-service.

This proposal also builds upon the most unique parts of MSL's collection -- Montana-related holdings and information resources produced by state government. The Library's state documents depository provides a single point of access to all state agency publications; NRIS disseminates information on Montana's land, water, and biological resources and is the recognized source in Montana for geospatial information. MSL will build upon its strengths in information management and services, and the synergy of its diverse staff expertise to substantially increase access and benefits to information users.

What is the Digital Library? The Library will be a professionally catalogued, maintained and supported collection of state documents, Montana-relevant federal documents, reference materials and periodicals, and appropriate state agency data maintained in an integrated system -- all supported by professional librarians and information specialists, providing state of the art discovery, visualization and access tools, guided by library law and policies. The Library's holdings will be largely electronic in format and served through a broadly-known, state-of-the-art Internet portal. Although most of its resources will be digital, the Library will also continue to house relevant printed reference materials not available in digital format.

The Library will focus on meeting the needs of Montana's decision-makers (including state and local agency managers and business leaders) with information. In doing so, it will also ensure that all Montana citizens have access to information created by their government. A second focus will be to serve Montana libraries, which play a critical role in the state's information service network. As MSL transforms itself into a primarily digital library, it will be increasingly able to provide high quality Montana-relevant information, discovered remotely and delivered directly to users' desktops - in offices, libraries, schools, and homes.

The Library will not duplicate collections found in other libraries. It will complement DiscoveringMontana.com and state agency libraries by providing value-added organization, presentation and archival of important state documents and electronic information. It will partner with the Information Technology Services Division (ITSD), using Montana's strong information technology infrastructure to deliver information resources and services.

How does the MSL Digital Library reduce the cost of government? MSL will realize immediate cost savings by eliminating materials not germane to its new digital library role, and by reducing the number of staff required to support its former paper-based collection and services.

Library Commission-5115 Statewide Library Resources-01

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Consulting contacts*	8,638	9,675	11,558	12,700	14,000	15,500
Talking book circulation	138,629	146,888	145,384	145,900	147,000	148,500
Center activities-Mediated request*	6,018	7,035	7,637	7,180	6,000	6,000
Center activities- Visitor sessions to web based services	218,209	378,018	608,525	761,000	951,000	1,190,000

*actual indicator numbers are based on the actual numbers from two separate departments – LISD and NRIS. The estimated and requested indicator numbers are based on the merged Montana State Library Digital Library Initiative.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	24.50	0.00	4.00	28.50	0.00	4.00	28.50
Personal Services	1,084,425	(122,904)	281,049	1,242,570	(123,445)	280,273	1,241,253
Operating Expenses	704,647	(69,883)	601,448	1,236,212	(73,688)	601,513	1,232,472
Equipment	134,370	0	(52,787)	81,583	0	(52,787)	81,583
Grants	838,282	742,073	(224,582)	1,355,773	40,935	(228,355)	650,862
Transfers	0	0	500,000	500,000	0	0	0
Total Costs	\$2,761,724	\$549,286	\$1,105,128	\$4,416,138	(\$156,198)	\$600,644	\$3,206,170
General Fund	1,687,655	272,558	(64,584)	1,895,629	16,733	(64,612)	1,639,776
State/Other Special	167,502	(17,399)	664,712	814,815	(17,058)	635,256	785,700
Federal Special	906,567	294,127	505,000	1,705,694	(155,873)	30,000	780,694
Total Funds	\$2,761,724	\$549,286	\$1,105,128	\$4,416,138	(\$156,198)	\$600,644	\$3,206,170

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$623,425	FY04 \$140,105
FY05 (\$77,713)	FY05 (\$111,033)

PL- 4 - Standard Base Adjustments -

This decision package reestablishes zero-based per diem, increases federal authority to the estimated grant awards, realigns the biennial appropriation related to state aid, and reestablishes talking books base expenses that are coded into statewide fixed cost categories. FY0 2005 is negative because the biennial appropriation is pulled back into the first year.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$17,398)	FY04 \$0
FY05 (\$17,057)	FY05 \$0

PL- 7009 - Reduce Expenses in the RIT Accounts -NRIS -

Alleviate an initially-projected negative balance in the renewable resources and reclamation and development accounts.

**Library Commission-5115
Statewide Library Resources-01**

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$219,000	FY04	\$90,337
FY05	\$219,000	FY05	\$90,337

NP- 1 - Restore OTO for Periodical E-Database -

First funded by the 55th Legislature, the project allows libraries to subscribe to an extensive magazine database. The database includes full-text articles from 5,812 magazines and journals in all subject fields, including health and business. The business source provides information on companies, markets and industries, market trends, mergers and acquisitions, current management theory, and company overviews. The periodical database is funded with \$90,337 general fund and \$128,663 coal severance tax annually.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$1,297,300	FY04	\$104,900
FY05	\$796,497	FY05	\$104,780

NP- 5 - NRIS Reorganization (Prg 7 to Prg 1) -

The Montana Library Commission approved a merger of the Library and Information Services Department and the Natural Resources Information System (NRIS). This merger will create an integrated information department at MSL with a focus on providing digital information.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$127,365)	FY04	(\$127,365)
FY05	(\$127,365)	FY05	(\$127,365)

NP- 7006 - Reduce Reimbursements for Loans -

The Montana State Library Commission approved a reduction in the interlibrary loan reimbursement program by \$127,365 in each fiscal year. The program initially was funded at about \$300,000.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$132,456)	FY04	(\$132,456)
FY05	(\$132,364)	FY05	(\$132,364)

NP- 7007 - NRIS/LISD Reorganization Cost Savings -

By reorganizing NRIS into the LISD, the MSL Commission can achieve a general fund cost savings of \$132,456 and \$132,364 in FY 2004 and FY 2005, respectively. The MSL is eliminating 2.00 FTE, reducing operating by \$37,700 and library books by \$41,794 per year.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$151,351)	FY04	\$0
FY05	(\$155,124)	FY05	\$0

NP- 7008 - Coal Tax Shared Account Reduction -

The Executive Budget is responsible for recommending the allocation among agencies of the coal severance tax shared account. In addition, it is recommended that the revenue to the account be reduced from 6.01 percent to 4.16 percent for the 2005 biennium based on passage and approval of a bill. Two areas are to be reduced: Federation funding will be reduced by \$97,217 and \$100,990 in FY 2004 and FY 2005, respectively, and the materials budget will be reduced by \$54,134 annually.

Library Commission-5115 Natural Resource Info System-07

**07 Natural Resource
Information System
Jim Hill x5355**

Program Description - The Natural Resources Information Services Program (NRIS) manages the natural resources and related data for the state. To avoid expensive duplication, NRIS provides a standard system for the acquisition, storage, retrieval, and management of this data, and manages the state's Water Information System. The program also administers the Montana Natural Heritage Program, a database on rare or exemplary plants, animals, communities, and geological features.

Program Reorganization – See the Montana State Library Digital Library Initiative under program 01.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	6.00	0.00	(6.00)	0.00	0.00	(6.00)	0.00
Personal Services	273,202	61,009	(334,211)	0	60,141	(333,343)	0
Operating Expenses	319,017	931	(319,948)	0	996	(320,013)	0
Equipment	23,141	0	(23,141)	0	0	(23,141)	0
Total Costs	\$615,360	\$61,940	(\$677,300)	\$0	\$61,137	(\$676,497)	\$0
General Fund	86,441	13,946	(100,387)	0	13,826	(100,267)	0
State/Other Special	498,919	47,994	(546,913)	0	47,311	(546,230)	0
Federal Special	30,000	0	(30,000)	0	0	(30,000)	0
Total Funds	\$615,360	\$61,940	(\$677,300)	\$0	\$61,137	(\$676,497)	\$0

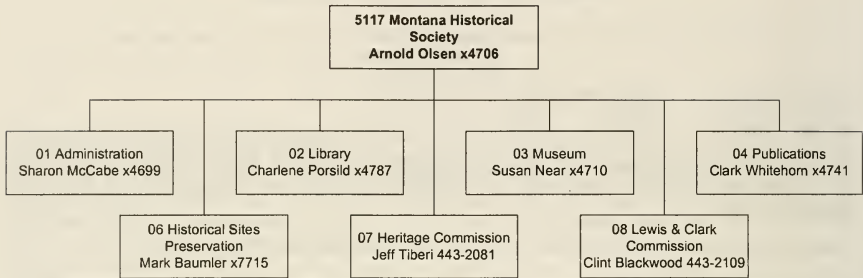
----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$677,300)	FY04	(\$100,387)
FY05	(\$676,497)	FY05	(\$100,267)

NP- 5 - NRIS/LISD Reorganization -

The Montana Library Commission approved a merger of the Library and Information Services Department and the Natural Resources Information System (NRIS). This merger will create an integrated information department at MSL with a focus on providing digital information. All base expenditures in this program are zeroed out and moved into the Statewide Library Resources program

Historical Society-5117



Mission Statement - To acquire, conserve, and advocate the protection of, provide broad access to, and interpret Montana's varied historical resources, thus promoting--for its citizens and for all others--the use, understanding, appreciation, and enjoyment of those resources.

Statutory Authority - Title 22, Chapter 3, MCA.

Language - "It is the intent of the legislature that the department of commerce use lodging facility use taxes to fund \$617,008 in fiscal year 2004 and \$621,017 in fiscal year 2005 for the Montana historical society. This would be expended as follows:

	Fiscal Year 2004	Fiscal Year 2005
Historical Interpretation	\$196,857	\$193,627
Scriver Collection	120,151	127,390
Lewis and Clark Exhibit & Interpretation	100,000	100,000
Lewis and Clark Bicentennial Commission	200,000	200,000

The first three uses of lodging taxes are budgeted in items 1 and 3. The \$200,000 each fiscal year of the biennium for the Lewis and Clark bicentennial commission is a language appropriation."

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	57.63	0.35	(0.30)	57.68	0.35	(0.30)	57.68
Personal Services	2,214,608	146,047	(14,536)	2,346,119	149,984	(14,643)	2,349,889
Operating Expenses	1,196,718	23,602	114,881	1,335,201	13,570	114,882	1,325,170
Equipment	11,419	0	0	11,419	0	0	11,419
Grants	210,565	916	(22,629)	188,852	916	(22,575)	188,906
Transfers	53,652	(6,900)	0	46,752	(6,900)	0	46,752
Total Costs	\$3,686,962	\$163,665	\$77,716	\$3,928,343	\$157,570	\$77,664	\$3,922,196
General Fund	1,803,840	20,486	(72,958)	1,751,368	6,467	(73,010)	1,737,297
State/Other Special	426,471	13,862	100,000	540,333	17,845	100,000	544,316
Federal Special	683,747	56,810	0	740,557	57,855	0	741,402
Proprietary	772,904	72,507	50,674	896,085	75,603	50,674	899,181
Total Funds	\$3,686,962	\$163,665	\$77,716	\$3,928,343	\$157,570	\$77,664	\$3,922,196

----- Agency General Fund Target - \$3.49 million -----

Historical Society-5117 Administration Program-01

01 Administration
Sharon McCabe x4699

Program Description - The Administration Program provides supervision, administration, and coordination of the five programs in the Montana Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, community outreach, historic research, and historic interpretation.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Visitors to the Society	75,856	75,339	62,319	68,000	80,000	80,000
Members *	1,234	1,024	1,299	1,300	1,300	1,300

*In fiscal year 2002 the Society revamped and renamed its "Special Member" Program, to its "Member Program".

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	14.50	0.00	(0.30)	14.20	0.00	(0.30)	14.20
Personal Services	631,424	36,477	(14,536)	653,365	37,472	(14,643)	654,253
Operating Expenses	489,499	102,515	15,674	607,688	86,740	15,674	591,913
Total Costs	\$1,120,923	\$138,992	\$1,138	\$1,261,053	\$124,212	\$1,031	\$1,246,166
General Fund	800,732	129,644	(49,536)	880,840	114,413	(49,643)	865,502
State/Other Special	184,030	501	0	184,531	908	0	184,938
Federal Special	92,075	1,925	0	94,000	1,925	0	94,000
Proprietary	44,086	6,922	50,674	101,682	6,966	50,674	101,726
Total Funds	\$1,120,923	\$138,992	\$1,138	\$1,261,053	\$124,212	\$1,031	\$1,246,166

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$36,413)	FY04 (\$36,413)
FY05 (\$36,413)	FY05 (\$36,413)

PL- 7000 - Gov Reductions - Public Service -

The Montana Historical Society will continue the FY 2003 Governor's reductions into the 2005 biennium including: limiting contact with our governing board; downsizing phone systems; reducing technology; limiting memberships in affiliated organizations; limiting newsletter and/or web services for members and constituents; limiting reference services for constituents offered by phone, travel, workshops; and reducing conservation of artifacts.

Historical Society-5117 Administration Program-01

Total Agency Impact

FY04	(\$1,000)
FY05	(\$1,674)

General Fund Total

FY04	(\$1,000)
FY05	(\$1,674)

PL- 7002 - Reduction in Operating -

There is an additional reduction in operating expenses for the Administration Program to meet the Governor's target that will include further cuts in travel, printing and contract services, and a reduction in the hours that the museum and library will be open to the public.

----- New Proposals -----

Total Agency Impact

FY04	\$15,674
FY05	\$15,674

General Fund Total

FY04	(\$35,000)
FY05	(\$35,000)

NP- 7002 - Fund Switch for Overhead for MHC & LCBC -

This fund switch redirects Administration Program costs from general fund to proprietary for anticipated overhead revenues from a 6 percent assessment in FY 2004 and a 7.5 percent assessment in FY 2005 to the Montana Heritage Commission and the Lewis and Clark Bicentennial Commission. Items to be funded with the overhead include legislatively-required annual reports, society informational brochures, phone and computer lines and fixed costs.

Total Agency Impact

FY04	(\$14,536)
FY05	(\$14,643)

General Fund Total

FY04	(\$14,536)
FY05	(\$14,643)

NP- 7005 - FTE Reduction - Community Outreach -

This reduction eliminates the society's 1.00 FTE community outreach position, which will reduce statewide outreach, including Web based activities, special educational projects, and special joint programs.

Historical Society-5117

Library Program-02

02 Library
Charlene Porsild x4787

Program Description - The Library Program consists of the library, archives, and photo archives functions. This program acquires, organizes, preserves, and makes accessible to the public published materials, historic records and manuscripts, photographs and related media, and oral history illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West. This program houses the official Archives of State Government and the Legislature. It assists researchers seeking historical information.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of published items and photographs acquired	9,500	12,406	18,691	12,500	12,500	12,500
Linear feet of manuscripts and state records acquired	518	450	947	500	550	600
Reference service	17,600	16,419	22,315	24,000	24,500	25,000

Program Proposed Budget

Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	13.75	0.00	0.00	13.75	0.00	0.00	13.75
Personal Services	523,640	18,418	0	542,058	18,229	0	541,869
Operating Expenses	114,473	(11,067)	(793)	102,613	(10,893)	(792)	102,788
Equipment	11,419	0	0	11,419	0	0	11,419
Total Costs	\$649,532	\$7,351	(\$793)	\$656,090	\$7,336	(\$792)	\$656,076
General Fund	595,418	2,447	(793)	597,072	2,384	(792)	597,010
State/Other Special	2,808	11	0	2,819	16	0	2,824
Proprietary	51,306	4,893	0	56,199	4,936	0	56,242
Total Funds	\$649,532	\$7,351	(\$793)	\$656,090	\$7,336	(\$792)	\$656,076

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$35,390)	FY04 (\$35,390)
FY05 (\$35,390)	FY05 (\$35,390)

PL- 7000 - Gov. Reduction - Public Service -

The FY 2003 Governor's reductions are continued, including reductions in processing incoming materials (books, archival documents, maps, newspapers, photographs) throughout the Library-Archives program; 2) reduction of materials conservation work; 3) and limiting reference services offered to Montana researchers in all program areas (in person and by phone and email)

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$793)	FY04 (\$793)
FY05 (\$792)	FY05 (\$792)

NP- 7002 - Reduction in Operating -

An additional reduction in operating expenses for the Library Program is required to meet the general fund target.

Historical Society-5117 Museum Program-03

03 Museum
Sue Near x4710

Program Description - The Museum Program collects, preserves, and interprets the history of Montana through its material culture. The museum collects fine arts and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits, tours and traveling exhibits. The program also houses the society's education office that orchestrates events, programs, and materials on Montana history for learners of all ages.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Number of exhibits*	33	31	31	24	19	21
Number of participants in Educational programs**	50,540	54,027	54,501	45,000	35,000	45,000

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	9.50	0.35	0.00	9.85	0.35	0.00	9.85
Personal Services	350,233	(15,423)	0	334,870	(14,612)	0	335,621
Operating Expenses	186,069	(79,795)	100,000	206,214	(76,730)	100,000	209,339
Total Costs	\$536,302	(\$95,218)	\$100,000	\$541,084	(\$91,342)	\$100,000	\$544,960
General Fund	289,129	(107,728)	0	181,401	(107,435)	0	181,694
State/Other Special	240,549	12,434	100,000	352,983	16,005	100,000	356,554
Proprietary	6,624	76	0	6,700	88	0	6,712
Total Funds	\$536,302	(\$95,218)	\$100,000	\$541,084	(\$91,342)	\$100,000	\$544,960

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$2,880	\$0
FY05	\$5,846	\$0

PL- 10 - Scriver Collections Storage Rent -

This is a non-general fund request for \$8,726 in rent for the Scriver collection storage to pay a negotiated, long-term 20-year lease with a three percent annual increase including utility costs. It is requested that this decision package be funded with accommodations tax. The savings to the state will be considerable over the life of the 20-year lease. The Scriver collection is valued at \$15 million.

Historical Society-5117 Museum Program-03

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$17,493	FY04	\$0
FY05	\$17,493	FY05	\$0

PL- 14 - Correct Expenditure Coding - Scriver Rent -

This is a non-general fund request to continue \$34,986 rent expenditures (\$17,493 in FY 2004 and \$17,493 in FY 2005) to correct an expenditure coding error. This amount was expended in FY 2002; however, it was recorded in a fixed cost account code that did not carry forward into the base budget.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$5,680	FY04	\$0
FY05	\$5,789	FY05	\$0

PL- 15 - Historical Interpretation FTE -

This is a non-general fund request for \$11,469 to increase the tour supervisor position to a 0.50 FTE. Currently the position is authorized at 0.15 FTE. But late in FY 2002, the position was separated off from a 0.65 FTE position and an operating change was requested and approved to actually fund the position at 0.50 FTE in the current year. This adjustment will align the authorized FTE level with the actual FTE work level.

Accommodations tax used for historical Interpretation is for the Capitol tour guides, the Original Governor's Mansion tours and OGM special events, preservation and restoration of the OGM, "on-the-lawn" and indoor society special programs and commemorations, specialized adult and family tours, staff and volunteer tour guide training, interpretive brochures and handouts, family activity kits and interactive exhibit components.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$127,404)	FY04	(\$127,854)
FY05	(\$127,854)	FY05	(\$127,854)

PL- 7000 - Public Service Reductions -

The Museum Program budget reductions will result in less curatorial work accomplished including fewer collections acquired, cataloged, and preserved; less technical assistance and public service to Montana community museums and historical societies; reduced ability to coordinate work with Montana businesses needing society images; less ability to honor loan requests from sister institutions around Montana and the nation; fewer public programs and educational activities and events offered; and possible reduction in museum visitor hours and school tour opportunities. This decision package continues \$26,715 of Governor's reductions and \$43,661 of the global special session reductions.

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$100,000	FY04	\$0
FY05	\$100,000	FY05	\$0

NP- 7009 - Lewis and Clark Interpretation -

The L&C Exhibit and Interpretations is to help develop and initiate the \$500,000 long-term new Lewis and Clark exhibit entitled "Neither Empty Nor Unknown" that is planned for May 2005 through 2007 in the Haynes Gallery and Auditorium. The early work will include conservation of archival materials and artifacts to allow their safe use in exhibit displays. The \$100,000 accommodations funding each year will be utilized to help ensure that tourists are provided an interesting and educational visit to the society and will stay an additional day in Montana. Sixty-six percent of the museum visitation is from out-of-state and another 20 percent is from outside the Helena area.

Historical Society-5117 Publications Program-04

**04 Publications
Clark Whitehorn x4741**

Program Description - The Publications Program promotes the study of Montana history and education through lectures, publications, and curriculum materials. The program publishes quarterly editions of the award-winning Montana The Magazine of Western History and the Montana Post, the official newsletter of the society. It also publishes books under the Montana Historical Society Press imprint and operates the museum store.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Subscribers to magazine	6,090	5,321	5,558	5,000	5,200	5,500
Number of books published By the Society Press	6	3	4	3	3	3

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	10.38	0.00	0.00	10.38	0.00	0.00	10.38
Personal Services	346,287	49,875	0	396,162	51,628	0	397,915
Operating Expenses	324,601	10,741	0	335,342	11,985	0	336,586
Transfers	53,652	(6,900)	0	46,752	(6,900)	0	46,752
Total Costs	\$724,540	\$53,716	\$0	\$778,256	\$56,713	\$0	\$781,253
General Fund	53,652	(6,900)	0	46,752	(6,900)	0	46,752
Proprietary	670,888	60,616	0	731,504	63,613	0	734,501
Total Funds	\$724,540	\$53,716	\$0	\$778,256	\$56,713	\$0	\$781,253

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$6,900)	FY04 (\$6,900)
FY05 (\$6,900)	FY05 (\$6,900)

PL- 7000 - Gov Reductions - Public Service -

The Governor's reductions are continued, requiring the program to evaluate all aspect of magazine and book production in order to reduce costs, such as accepting reduced quality of materials or printing standards; reducing the size of the magazine; and limiting the number of magazine issues or books published.

Historical Society-5117

Historic Preservation Program-06

06 Historic Sites Preservation
Mark Baumlér x7715

Program Description - The Historic Sites Preservation Program administers the Montana Antiquities Act and Montana's participation in federal Historic Preservation Act and the federal grants-in-aid for historic preservation. Staff provide technical assistance to all Montana property owners. Staff review all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing on the National Register of Historic Places. The office certifies historic structures and rehabilitation projects for federal tax credits to citizens and businesses authorized by the Tax Reform Act of 1976. The program awards federal grants to local governments, communities, and individuals for: 1) the Certified Local Government Program, 2) historic survey and planning for historic areas, and 3) bricks and mortar rehabilitation when funds are available.

Program Indicators -

Indicator	Actual FY2000	Actual FY2001	Actual FY2002	Estimated FY2003	Requested FY2004	Requested FY2005
Construction projects created with SHPO assistance	1,202	1,700	2,212	2,200	2,000	2,000
Newly listed properties on the National Register of Historic Places	11	21**	14	15	18	18

** FY2001 includes one community district with over 600 individual contributing buildings.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	9.50	0.00	0.00	9.50	0.00	0.00	9.50
Personal Services	363,024	56,640	0	419,664	57,267	0	420,291
Operating Expenses	82,076	1,268	0	83,344	2,468	0	84,544
Grants	211,481	0	(22,629)	188,852	0	(22,575)	188,906
Total Costs	\$656,581	\$57,908	(\$22,629)	\$691,860	\$59,735	(\$22,575)	\$693,741
General Fund	64,909	3,023	(22,629)	45,303	4,005	(22,575)	46,339
Federal Special	591,672	54,885	0	646,557	55,730	0	647,402
Total Funds	\$656,581	\$57,908	(\$22,629)	\$691,860	\$59,735	(\$22,575)	\$693,741

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$4,400)	FY04 (\$4,400)
FY05 (\$4,400)	FY05 (\$4,400)

PL- 7000 - Gov. Reduction - Public Service -

The Governor's reductions are continued, reducing public service and outreach activities including visitation of property owners and properties for possible listing in the National Register of Historic Places; and reducing on-site consultation with building owners interested in federal tax credit project investments or other technical assistance as preservation work gets underway.

Historical Society-5117
Historic Preservation Program-06

----- **New Proposals** -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$22,629)	FY04	(\$22,629)
FY05	(\$22,575)	FY05	(\$22,575)

NP- 7003 - Preservation Grant Fund Reduction -

This adjustment removes general fund in a Historic Preservation Office position and replaces it with federal preservation grant dollars. This change will require a reduction in preservation grants for Montana properties listed in the National Register of Historic Places and, therefore, is not shown as a fund switch.

Historical Society-5117 Lewis & Clark Bicentennial-08

08 Lewis & Clark Commission Clint Blackwood 443-2109

Program Description - The Montana Lewis and Clark Bicentennial Commission was statutorily created by the 1997 State Legislature. Its main mission is to provide statewide leadership, communication, and coordination in planning and implementing the Lewis and Clark Bicentennial observance in Montana, which will be held from 2003-2006. The commission has 12 Governor-appointed commissioners serving three-year staggered terms.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	(916)	916	0	0	916	0	0
Total Costs	(\$916)	\$916	\$0	\$0	\$916	\$0	\$0
State/Other Special	(916)	916	0	0	916	0	0
Total Funds	(\$916)	\$916	\$0	\$0	\$916	\$0	\$0

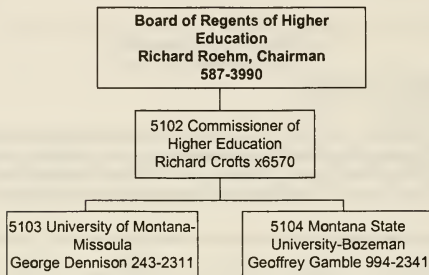
----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	FY04
\$916	\$0
FY05	FY05
\$916	\$0

PL- 16 - Lewis & Clark Authority -

This request is a correction of an account code. The request is to zero out the negative budget request with a result of a zero request.

Commissioner Of Higher Ed-5102



Mission Statement - To serve students through the delivery of high quality, accessible postsecondary educational opportunities, while actively participating in the preservation and advancement of Montana's economy and society.

Statutory Authority - Article X, Section 9, Montana Constitution and 2-15-1506, MCA

Program Indicators

The Montana University System plans to incorporate some of the goals and accountability measures that have been recommended by the Post-Secondary Education Policy and Budget Committee. Therefore, many of the previously identified program indicators have been eliminated.

Indicator	Actual FY2000	Actual 2001	Actual 2002	Estimated FY2003	Requested FY2004	Requested FY2005
Degree Productivity:						
Associate	785	819	830	840	850	860
Bachelors	4,74	4,443	4,475	4,500	4,500	4,500
Masters	907	941	950	900	900	900
Doctorate	65	56	70	65	65	65
Montana AVG Resident Undergrad Tuition as a Percentage of WICHE State's AVG 4-year	107%	108%	114%	124%	125%	125%
Instruction as a Percent of Current Unrestricted Funding	54.5%	54.1%	53%	53.8%	54%	54%
Growth in 2-year education Total FTE	5,145	5208	5,538	5,611	5,723	5,837
Research Expenditures (in millions)	\$105.5	\$104	\$114	\$126.2	\$130.1	\$134.1
Resident Enrollment	24,606	24,851	25,567	26,305	26,866	27,459
Resident Enrollment in Community Colleges	1,983	2,001	2,156	2,256	2,322	2,369
Credit by Exam (4-year campuses) # of Credits	4,408	4,815	4,959	5,108	5,261	5,419

Commissioner Of Higher Ed-5102

Agency Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	87.06	0.00	3.00	90.06	0.00	3.00	90.06
Personal Services	3,628,252	64,454	102,347	3,795,053	63,374	102,347	3,793,843
Operating Expenses	5,552,896	(92,516)	0	5,460,380	(116,065)	0	5,436,831
Equipment	9,895	0	0	9,895	0	0	9,895
Local Assistance	5,942,089	865,380	(918,709)	5,888,760	981,888	(1,032,218)	5,891,759
Grants	11,555,950	1,284,379	0	12,840,329	1,439,416	0	12,995,366
Benefits & Claims	23,340,271	3,000,000	0	26,340,271	6,000,000	0	29,340,271
Transfers	140,590,264	3,183,353	(6,299,126)	137,474,491	3,986,291	(7,105,514)	137,471,041
Total Costs	\$190,619,617	\$8,305,050	(\$7,115,488)	\$191,809,179	\$12,354,904	(\$8,035,515)	\$194,939,006
General Fund	138,589,358	5,316,012	(7,217,835)	136,687,535	6,235,911	(8,137,732)	136,687,537
State/Other Special	12,818,636	482,364	0	13,101,000	610,363	0	13,228,999
Federal Special	39,411,623	2,506,674	102,347	42,020,644	5,508,630	102,217	45,022,470
Total Funds	\$190,619,617	\$8,305,050	(\$7,115,488)	\$191,809,179	\$12,354,904	(\$8,035,515)	\$194,939,006

----- Agency General Fund Target - \$273.38 million -----

Language -

"Items 1 through 3 and 5 through 7b, 9 and 10 are a single biennial lump-sum appropriation."

"Total audit costs of the office of the commissioner of higher education are estimated to be \$38,381."

"Total Summitnet costs are estimated to be \$25,000 each year for the community colleges. The general fund appropriation for the community colleges provides 53% of the total Summitnet costs. The remaining 47% of these costs must be paid from funds other than those appropriated in item 4. Summitnet costs for each year may not exceed \$8,000 each for Dawson and Miles community colleges and \$9,000 for Flathead Valley community college."

"Total audit costs are estimated to be \$54,000 for the community colleges for the biennium. The general fund appropriation for each community college provides 53% of the total audit costs in fiscal year 2005. The remaining 47% of these costs must be paid from funds other than those appropriated in item 4a. Audit costs for the biennium may not exceed \$16,000 each for Dawson and Miles community colleges and \$22,000 for Flathead Valley community college."

"Revenue appropriated to the Montana university system units and colleges of technology includes:

- (1) state special revenue from interest earnings of \$1,460,000 each year of the 2005 biennium;
- (2) tuition revenue of \$151,512,000 in fiscal year 2004 and \$153,414,000 in fiscal year 2005; and
- (3) other revenue of \$1,183,000 each year of the 2005 biennium.

These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in item 7."

"Item 7 includes \$1,024,220 in each year of the biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$157,100 in fiscal year 2004 and \$135,100 in fiscal year 2005; Montana tech of the university of Montana, \$28,000; Montana state university-northern, \$87,800 in fiscal year 2004 and \$83,800 in fiscal year 2005; Montana state university-Bozeman \$58,000; Montana state university-Billings, \$161,500; and western Montana college of the university of Montana, \$12,410."

"Item 7 includes a total of \$44,253 of general fund money for the 2005 biennium for the Montana natural resources information system (NRIS). The Montana university system shall pay an additional \$44,253 for the 2005 biennium in current funds in support of NRIS. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated."

Commissioner Of Higher Ed-5102

"Total audit costs are estimated to be \$473,188 for the university system other than the office of the commissioner of higher education. Each unit shall pay a percentage of these costs from funds other than those appropriated in item 7a."

"University system unit is defined in 17-7-102(13). For all university system units, except the office of the commissioner of higher education, all funds (other than plant funds appropriated in House Bill No. 5, relating to long-range building and current unrestricted operating funds) are appropriated contingent on approval of the comprehensive program budget by the board of regents by October 1 of each year. For all university system 4-year units and colleges of technology, all funds, other than funds appropriated in House Bill No. 5 for long-range building programs, are appropriated as a lump sum for the biennium contingent upon approval of the comprehensive program budget by the board of regents by October 1 of each year. The board of regents shall allocate the appropriations to the individual units according to board policy. The budget must contain detailed revenue and expenditure and anticipated fund balances of current funds, loan funds, endowment funds, and plant funds. After the board of regents approves operating budgets, transfers between units may be made only with the approval of the board of regents. Transfers and related justifications must be submitted to the office of budget and program planning and to the legislative fiscal analyst."

"All university system units, except the office of the commissioner of higher education, shall account for expenditures consistently within programs and funds across all units and shall use the standards of accounting and reporting, as described by the national college and university business officers, as a minimum for achieving consistency."

"The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g. The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved board of regents operating budgets."

"Revenue appropriated to the agricultural experiment station includes:

- (1) state special revenue from interest earnings and other revenue of \$184,472 each year of the 2005 biennium;
- (2) federal revenue of \$2,022,075 in fiscal year 2004 and \$2,022,078 in fiscal year 2005; and
- (3) proprietary revenue from sales of \$939,881 in fiscal year 2004 and \$939,881 in fiscal year 2005. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item 7c."

"The general fund money in item 7d is appropriated with the condition that, prior to the expenditure of the general fund money, the Montana agricultural experiment station collect \$140,000 of private, nonpublic money each year of the 2005 biennium for the purpose of supporting the institute for biobased products and food science."

"Revenue appropriated to the extension service includes:

- (1) state special revenue from interest earnings of \$20,606 each year of the 2005 biennium; and
- (2) federal revenue of \$2,490,698 in fiscal year 2004 and \$2,485,644 in fiscal year 2005. These amounts are appropriated for current unrestricted operating expenses and are in addition to the funds shown in item 7e."

"General fund money of \$90,000 each year of the 2005 biennium in item 7f is a biennial, one-time-only appropriation for one staff person and for expenses for the Montana beef network within the extension service."

"Interest revenue of \$4,858 each year of the 2005 biennium is appropriated to the forestry and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in item 7g."

"Proprietary revenue of \$29,157 each year of the 2005 biennium is appropriated to the bureau of mines and geology for current unrestricted operating expenses. This amount is in addition to that shown in item 7h."

"Interest revenue of \$1,545 each year of the 2005 biennium is appropriated to the fire services training school for current unrestricted operating expenses. This amount is in addition to that shown in item 7i."

Commissioner Of Higher Ed-5102 Administration Program-01

01 Administration
 Richard Crofts x6570

Program Description - The administration program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration. Article X, Section 9, of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his powers and duties.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	15.40	0.00	0.00	15.40	0.00	0.00	15.40
Personal Services	1,050,354	(36,022)	0	1,014,332	(37,325)	0	1,013,029
Operating Expenses	322,390	10,288	0	332,678	(14,874)	0	307,516
Total Costs	\$1,372,744	(\$25,734)	\$0	\$1,347,010	(\$52,199)	\$0	\$1,320,545
General Fund	1,372,744	(25,734)	0	1,347,010	(52,199)	0	1,320,545
Total Funds	\$1,372,744	(\$25,734)	\$0	\$1,347,010	(\$52,199)	\$0	\$1,320,545

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$3,249	FY04 \$3,249
FY05 \$3,249	FY05 \$3,249

PL- 11 - Scheduled Rent Payments -

In the base year, the Office of Commissioner of Higher Education was able to charge the School to Work grant for a portion of the office rent expense. That grant is no longer available.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$6,960	FY04 \$6,960
FY05 \$6,960	FY05 \$6,960

PL- 12 - Scheduled Computer Replacements -

The Office of Commissioner of Higher Education four-year computer replacement calls for four new PCs and printers each year of the 2005 biennium.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$80,927)	FY04 (\$80,927)
FY05 (\$80,927)	FY05 (\$80,927)

PL- 7010 - Global Special Session Reductions -

The special session reductions applied to the Administration Program are continued. For FY 2003, the program charged administrative costs to revenue from various grants.

Commissioner Of Higher Ed-5102

Student Assistance Program-02

02 Student Assistance
Laurie Tobol x0322

Program Description - This program includes all student grant funding. Types of grants include: work study, state grants, federal grant matching programs, and student grants for attending professional schools which are not available in Montana such as medicine, dentistry and veterinary medicine. Title 20, Chapters 25 and 26, MCA, govern the program.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	99,000	6,000	0	105,000	9,000	0	108,000
Grants	8,294,230	198,655	0	8,492,885	450,192	0	8,744,422
Total Costs	\$8,393,230	\$204,655	\$0	\$8,597,885	\$459,192	\$0	\$8,852,422
General Fund	8,242,606	166,294	0	8,408,900	420,831	0	8,663,437
Federal Special	150,624	38,361	0	188,985	38,361	0	188,985
Total Funds	\$8,393,230	\$204,655	\$0	\$8,597,885	\$459,192	\$0	\$8,852,422

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$395,473	FY04 \$395,473
FY05 \$650,010	FY05 \$650,010

PL- 2 - WICHE/ WWAMI/ MN Dental -

Adjustments for the Professional Programs of WICHE/ WWAMI/ MN Dental carry forward the authorized slots from the last legislative session with the projected increases in support costs and add new slots.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$38,361	FY04 \$0
FY05 \$38,361	FY05 \$0

PL- 3 - Increase Federal Financial Aid -

Increase the federal financial aid for the MHEG and Special Leveraging Educational Assistance Partnership based on FY 2003 allocations.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$229,179)	FY04 (\$229,179)
FY05 (\$229,179)	FY05 (\$229,179)

PL- 7010 - Global Special Session Reduction -

Continue the special session reductions that were applied to the Student Assistance Program. Reductions were targeted to the state Baker program.

Commissioner Of Higher Ed-5102 Dde Mathematics & Sci Ed Act-03

03 Eisenhower Math & Science
Education
Joyce Scott x0312

Program Description - This program is a federal grant program aimed at upgrading teaching skills of teachers in math and science.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	489	(489)	0	0	(489)	0	0
Operating Expenses	209	17	0	226	17	0	226
Grants	47,123	260,684	0	307,807	260,684	0	307,807
Total Costs	\$47,821	\$260,212	\$0	\$308,033	\$260,212	\$0	\$308,033
Federal Special	47,821	260,212	0	308,033	260,212	0	308,033
Total Funds	\$47,821	\$260,212	\$0	\$308,033	\$260,212	\$0	\$308,033

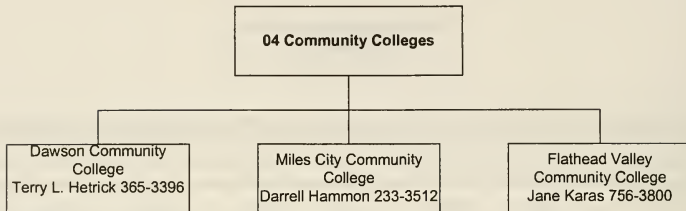
----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$260,684	FY04 \$0
FY05 \$260,684	FY05 \$0

PL- 31 - Increase Federal Funding - Eisenhower -

Adjustment is necessary due to an increase in federal funds, plus authority to spend the estimated carryover by the Office of the Commissioner of Higher Education.

Commissioner Of Higher Ed-5102 Community College Assistance-04



Program Description - This program distributes funds appropriated by the Legislature in support of the three community colleges: Miles Community College, Dawson Community College and Flathead Valley Community College. Each community college district has an elected board of trustees. The regents have statutory authority to control the community colleges in Title 20, Chapter 15, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Local Assistance	5,843,089	859,380	(918,709)	5,783,760	972,888	(1,032,218)	5,783,759
Total Costs	\$5,843,089	\$859,380	(\$918,709)	\$5,783,760	\$972,888	(\$1,032,218)	\$5,783,759
General Fund	5,843,089	859,380	(918,709)	5,783,760	972,888	(1,032,218)	5,783,759
Total Funds	\$5,843,089	\$859,380	(\$918,709)	\$5,783,760	\$972,888	(\$1,032,218)	\$5,783,759

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$859,380	FY04	\$859,380
FY05	\$972,888	FY05	\$972,888

PL - 3 - Annualize CC Payplan and Adjust Students -

This decision package annualizes the state share of the payplan in the per student support calculation, and updates resident enrollment projections for the 2005 biennium. Enrollments are projected to grow from 2,152 resident students in the FY 2002 base to 2,322 students in FY 2004 and 2,369 students in FY 2005.

The base increase is \$1,207,259 in FY 2004 and \$1,320,767 in FY 2005. The special session reductions to the community colleges have been applied to this increase. This reduction was \$347,879.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$918,709)	FY04	(\$918,709)
FY05	(\$1,032,218)	FY05	(\$1,032,218)

NP- 1000 - Meeting Governor's Target -

These are the allocated reductions to meet the general fund target.

Commissioner Of Higher Ed-5102 Talent Search-06

06 Education Talent Search
Rene' Dubay x0334

Program Description - This program is primarily a federally-funded program to decrease the dropout rate of disadvantaged students in high schools and increase their enrollment in post-secondary education.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	20.46	0.00	0.00	20.46	0.00	0.00	20.46
Personal Services	714,453	81,926	0	796,379	81,449	0	795,902
Operating Expenses	856,708	(5,908)	0	850,800	(5,683)	0	851,025
Grants	904,188	0	0	904,188	0	0	904,188
Total Costs	\$2,475,349	\$76,018	\$0	\$2,551,367	\$75,766	\$0	\$2,551,115
General Fund	83,839	8,509	0	92,348	8,389	0	92,228
Federal Special	2,391,510	67,509	0	2,459,019	67,377	0	2,458,887
Total Funds	\$2,475,349	\$76,018	\$0	\$2,551,367	\$75,766	\$0	\$2,551,115

----- Present Law Adjustments -----

Total Agency Impact

FY04 (\$6,135)

FY05 (\$6,135)

General Fund Total

FY04 (\$6,135)

FY05 (\$6,135)

PL- 7010 - Global Special Session Reductions -

Continue the special session reductions that were applied to the Minority Achievement Program.

Commissioner Of Higher Ed-5102 Work Force Development Pgm-08

**08 Carl Perkins &
School to Work**
 Ariene Parisot x0316

Program Description - The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational education at the secondary and post-secondary levels.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00
Personal Services	234,165	(27,896)	0	206,269	(27,461)	0	206,704
Operating Expenses	198,527	(97,989)	0	100,538	(97,936)	0	100,591
Grants	2,213,909	825,040	0	3,038,949	825,040	0	3,038,949
Transfers	5,140,179	(1,599,517)	0	3,540,662	(1,599,517)	0	3,540,662
Total Costs	\$7,786,780	(\$900,362)	\$0	\$6,886,418	(\$899,874)	\$0	\$6,886,906
General Fund	65,279	9,020	0	74,299	9,020	0	74,299
Federal Special	7,721,501	(909,382)	0	6,812,119	(908,894)	0	6,812,607
Total Funds	\$7,786,780	(\$900,362)	\$0	\$6,886,418	(\$899,874)	\$0	\$6,886,906

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$914,214)	FY04 \$0
FY05 (\$914,126)	FY05 \$0

PL- 81 - Federal Funds Adjustment -

Removes the School to Work federal program from the base year. This reduction totals \$2.1 million. The Carl Perkins Vocational grant is increased by \$1.2 million based upon the expected federal authority plus anticipated carryover from FY 2003.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$5,701)	FY04 (\$5,701)
FY05 (\$5,701)	FY05 (\$5,701)

PL- 7010 - Global Special Session Reductions -

Continue the special session reductions that were applied to the Carl Perkins Program.

Commissioner Of Higher Ed-5102

Appropriation Distribution-09

09 Distribution

Program Description -

The Appropriation Distribution Program in the Office of the Commissioner of Higher Education (OCHE) is the conduit through which state funds flow to: 1) distance learning programs, the family practice residency program administered through MSU-Bozeman, and the university system units and colleges of technology, which are all included in the lump sum appropriation; and 2) the research/public service agencies.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfers	135,450,085	4,782,870	(6,299,126)	133,933,829	5,585,808	(7,105,514)	133,930,377
Total Costs	\$135,450,085	\$4,782,870	(\$6,299,126)	\$133,933,829	\$5,585,808	(\$7,105,514)	\$133,930,377
General Fund	122,831,449	4,300,506	(6,299,126)	120,832,829	4,975,445	(7,105,514)	120,701,378
State/Other Special	12,618,636	482,364	0	13,101,000	610,363	0	13,228,999
Total Funds	\$135,450,085	\$4,782,870	(\$6,299,126)	\$133,933,829	\$5,585,808	(\$7,105,514)	\$133,930,377

Educational Units

Proposed Budget	Base Budget FY 2002	PL Base Adjustments Fiscal 2004	New Proposals Fiscal 2004	Total Ex. Budget FY 2004	PL Base Adjustments Fiscal 2005	New Proposals Fiscal 2005	Total Ex. Budget FY 2005
Budget Item							
UM-Missoula	36,782,114	2,393,814		39,175,928	2,299,533		36,081,647
UM-Tech	9,849,621	618,207		10,267,828	562,548		10,212,169
UM-Western	4,436,578	233,226		4,669,804	202,684		4,639,262
UM-Helena COT	2,433,998	156,142		2,590,140	142,857		2,576,855
MSU-Bozeman	39,201,751	2,965,247		42,166,998	2,827,623		42,028,374
MSU Billings	14,402,305	836,674		15,238,979	779,622		15,181,927
MSU-Northern	6,671,086	417,859		7,088,945	386,935		7,058,021
MSU-Great Falls	3,039,084	310,063		3,349,147	298,180		3,337,264
Other Transfers	100,000			100,000			100,000
Distance Learning	100,000	(12,798)		87,202	(12,798)		87,202
Resident Enrollment Growth		3,615,929		3,615,929	4,635,663		4,635,663
Fee Waiver Increase		903,000		903,000	991,000		991,000
Continuation of the \$100 Per Resident Student inc.		2,500,000		2,500,000	2,500,000		2,500,000
SS Reduct. - (Applied to Enr. Fee Waiv., \$100 Res Stud. Inc.)		(6,918,929)		(6,918,929)	(8,126,663)		(8,126,663)
SS Reduct. - (Applied to Statewide PLAs)		(3,537,998)		(3,537,998)	(2,330,264)		(2,330,264)
Achieve Governor's Target - Ed. Lump			(6,144,939)	(6,144,939)		(6,924,870)	(6,924,870)
Yellow Bay - Restore OTO			98,250	98,250		98,250	98,250
Family Practice Residency Program - Bozeman	341,200	(21,833)		319,367	(21,833)		319,367
Great Falls Dental Hygiene Program		119,683		119,683	119,683		119,683
Motorcycle Safety Education - Northern	149,724	50,276		200,000	50,276		200,000
Total	\$117,307,461	\$4,528,562	(\$6,046,689)	\$115,789,334	\$5,305,046	(\$6,826,620)	\$115,785,887
General Fund	105,288,825	4,112,198	(6,046,689)	103,354,334	4,760,682	(6,826,620)	103,222,887
Statewide Six Mill Levy	11,868,912	366,088		12,235,000	494,088		12,363,000
Other Special Revenue	149,724	50,276		200,000	50,276		200,000
State Funds	\$117,307,461	\$4,528,562	(\$6,046,689)	\$115,789,334	\$5,305,046	(\$6,826,620)	\$115,785,887

Commissioner Of Higher Ed-5102

Appropriation Distribution-09

----- Present Law Adjustments -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$119,683	FY04	\$119,683
FY05	\$119,683	FY05	\$119,683

PL- 7 - Dental Hygiene Program -

Continue the appropriation at the same level that was approved in HB 395 of the 2001 legislative session for the Great Falls College of Technology.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$50,276	FY04	\$0
FY05	\$50,276	FY05	\$0

PL- 92 - Motorcycle Safety Training Adjust to Rev. Est. -

The motorcycle safety training fund is projected to have \$400,000 of revenue over the 2005 biennium. This adjusts the appropriation up to the estimate. The fund received \$204,129 in FY 2002.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$63,292	FY04	\$63,292
FY05	\$81,174	FY05	\$83,174

PL- 906 - Water, Sewer, Elevator, Small Misc. -

This adjustment is for the state share for reported water, sewer and other small miscellaneous items reported by the educational units.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$197,956)	FY04	(\$197,956)
FY05	(\$194,791)	FY05	(\$194,791)

PL- 907 - Recharge & Admin. Assessment -

The adjustment reflects the state share related to recharges on the MSU campus and to the administrative assessment at UM-Missoula. The anticipated adjustment is a reduction of \$171,045 and \$159,704 in FY 2004 and FY 2005 for Missoula; a reduction of \$273,802 and \$341,241 in FY 2004 and FY 2005 for MSU Bozeman; an increase in \$198,876 and \$241,470 at the Agricultural Experiment Station; an increase in \$41,678 and \$57,755 in FY 2004 and FY 2005 at Extension Services; and an increase of \$6,337 and \$6,909 in FY 2004 and FY 2005 at the Fire Services Training School.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$4,740,138	FY04	\$4,740,138
FY05	\$5,554,838	FY05	\$5,554,838

PL- 7800 - Statewide Adjustments - Educational Units -

The state share of the statewide present law adjustments for the educational units is \$8,278,136 and \$7,885,102 in FY 2004 and FY 2005, respectively. This increase is reduced by \$3,537,998 and \$2,330,264 to continue the special session reductions to the education units. Special session reductions were first used to zero-out enrollment growth, fee waivers and the \$100 per resident student increase.

Commissioner Of Higher Ed-5102

Appropriation Distribution-09

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$98,250	FY04	\$98,250
FY05	\$98,250	FY05	\$98,250

NP- 920 - Yellow Bay – Restore OTO -

This request continues the Yellow Bay line-item to the average of FY 2002 and FY 2003 appropriated after the special session. The Yellow Bay appropriation was an OTO last biennium.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$6,144,936)	FY04	(\$6,144,936)
FY05	(\$6,924,870)	FY05	(\$6,924,870)

NP- 7900 - Achieving the Governor's Target -Lump Programs -

The 2005 biennial target for the MUS Lump Sum Programs was equal to the FY 2002 appropriation plus the FY 2003 appropriation after the special session. This decision package reduces the total MUS budget down to the general fund target.

The Commissioner's Office of Higher Education (OCHE) has indicated that the Board of Regents will make the final determination on reductions. The Board of Regents will be meeting November 21 and 22nd to take up this issue. Ideas brought forward by the OCHE to the Office of Budget and Program Planning include:

1. Continue the reductions made in FY 2003 for Baker Grants (MTAP). CHE may also need to look at additional reductions in this area.
2. Reduce the WICHE/WWAMI/Minnesota Dental slots available for Montana students to pursue professional education. CHE is limited to reducing new student slots in this program.
3. Additional program reviews which identify programs with low productivity for examination and potential elimination would continue and standards for review may be increased.
4. OCHE will continue to press for administrative consolidation where potential efficiencies can be identified through these actions.
5. Continue the tuition surcharge.
6. Consider additional across-the-board and specific program reductions for the campuses.
7. Consider additional tuition increases beyond the revenue raised by the current tuition surcharges.

Agricultural Experiment Station

Agricultural
Experiment Station
Sharron Quisenberry 994-3681

Mission Statement - To conduct research relating to agriculture, natural resources, and rural life; and to distribute the resulting information among the people of Montana.

Statutory Authority – 20-25-222, 0-25-225 through 20-25-236, MCA

Program Description - The Montana Agricultural Experiment Station was established at Montana State University-Bozeman by the Legislature in 1893 under Hatch Act authorization enacted by the U.S. Congress. The agency is the agricultural research component of the land-grant university's three-part mission of teaching, research, and service. The Fort Keogh Livestock and Range Research Laboratory at Miles City is a cooperative program of the U.S. Department of Agriculture, Agricultural Research Service, and the state through the Montana Agricultural Experiment Station. The purpose of the laboratory is to improve efficiency of livestock production from rangeland resources.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

----- Present Law Adjustments -----

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	216.79	0.00	0.00	216.79	0.00	0.00	216.79
Personal Services	10,807,939	574,468		11,382,407	568,742		11,376,681
Operating Costs	2,140,187	97,845	(384,029)	1,854,003	139,474	(419,729)	1,859,732
Equipment	373,111	(318,053)		55,058	(318,053)		55,058
Debt Service	35,259	-		35,259			35,259
Total Funds	\$13,356,496	\$354,260	(\$384,029)	\$13,326,727	\$390,163	(\$419,729)	\$13,326,730
State Funds							
General Fund	10,302,324	33,457	(155,482)	10,180,299	60,325	(182,350)	10,180,299
Subtotal State Funds	10,302,324	33,457	(155,482)	10,180,299	60,325	(182,350)	10,180,299
University Funds							
Federal Funds	2,021,816	152,424	(152,165)	2,022,075	161,459	(161,197)	2,022,078
Sales & Service	1,016,263		(76,382)	939,881		(76,382)	939,881
Interest and Other	16,093	168,379	-	184,472	168,379		184,472
Subtotal University Funds	3,054,172	320,803	(228,547)	3,146,428	329,838	(237,579)	3,146,431
Total Current Unrestricted Operating Fund	\$13,356,496	\$354,260	(\$384,029)	\$13,326,727	\$390,163	(\$419,929)	\$13,326,730

Notes: AES received of \$10,302,324 in state support, \$2,021,816 in federal, \$1,058,603 in sales, \$183,225 in interest in FY 2002.
The base budget (FY 2002) was adjusted (increased) by \$59,618 for accounting corrections on SABHRS.
\$200,000 of general fund for the Ag Bio Based Institute program is reflected in the base.
AES estimates for federal revenue, sales, and interest.

The table above reflects an increase in recharges from MSU Bozeman to the Agricultural Experiment Station (AES). Recharges are being considered as one decision package (PL907), and it is contained with the educational units. The increase in the state share to AES is \$198,876 in FY 2004 and \$241,470 in FY 2005

Total Agency Impact

FY04 (\$165,419)
FY05 (\$181,145)

General Fund Total

FY04 (\$165,419)
FY05 (\$181,145)

PL- 7801 - Statewide Adjustments -AES -

For the AES, the state share of the present law adjustment is \$627,977 in FY 2004 and \$612,251 in FY 2005, offset by continuing the special session reductions of \$793,396. AES reduced personal services by \$346,835 by eliminating five faculty and three professional positions, reducing operating expenses by \$53,561 and equipment by \$393,000 during FY 2003.

----- New Proposals -----

Total Agency Impact

FY04 (\$155,482)
FY05 (\$182,350)

General Fund Total

FY04 (\$155,482)
FY05 (\$182,350)

NP- 7901 - Achieving the Governor's Target - AES -

The general fund target for Agricultural Experiment Station was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, AES must reduce its budget by an additional \$155,482 and \$182,350 in FY 2004 and FY 2005 respectively. AES is considering a plan to eliminate positions beyond the 5 faculty positions lost in the FY 2003 special session reductions.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

Montana Extension Services

Montana Extension Service
David Bryant 994-6647

Mission Statement - The Extension Services is an educational resource dedicated to improving the quality of people's lives by providing research-based knowledge to strengthen the social, economic and environmental well-being of families, communities and agricultural enterprises.

Statutory Authority – 20-25-235, MCA

Program Description - The Extension Service was established in 1914 as a result of the federal Smith-Lever Act. The Extension Service mission is disseminating and encouraging practical use of research about agricultural production and marketing, family and consumer science, and human resource development. It serves 54 of the 56 counties through 52 county extension offices. The central operations are housed on the Bozeman campus. Background materials for its educational efforts are developed by faculty at the Extension Service, the Agricultural Experiment Station, and Montana State University departments from available research information.

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	116.63	0.00	0.00	116.63	0.00	0.00	116.63
Personal Services	5,728,361	413,132	90,000	6,231,493	420,838	90,000	6,239,199
Operating Costs	561,496	133,830	(87,415)	607,911	126,463	(92,808)	595,151
Total Funds	\$6,289,857	\$546,962	\$2,585	\$6,839,404	\$547,301	(\$2,808)	\$6,834,350
State Funds							
General Fund	4,242,336	83,179	2,585	4,328,100	88,572	(2,808)	4,328,100
Subtotal State Funds	4,242,336	83,179	2,585	4,328,100	88,572	(2,808)	4,328,100
University Funds							
Federal Funds	2,026,915	463,783	0	2,490,698	458,729	0	2,485,644
Interest and Other	20,606	0	0	20,606	0	0	20,606
Subtotal University Funds	2,047,521	463,783	0	2,511,304	458,729	0	2,506,250
Total Current Unrestricted Operating Fund	\$6,289,857	\$546,962	\$2,585	\$6,839,404	\$547,301	(\$2,808)	\$6,834,350

Note: ES received \$4,242,336 in state support, \$2,026,915 in federal support, and \$21,618 interest in FY 2002.
Table reflects ES estimate of federal revenue (Smith-Lever) for FY 2004 and FY 2005

----- Present Law Adjustments -----

The table above reflects an increase in recharges from MSU Bozeman to Extension Services (ES). Recharges are being considered as one decision package (PL907), and it is contained with the educational units. The increase in the state share to ES is \$41,678 in FY 2004 and \$57,755 in FY 2005.

Commissioner Of Higher Ed-5102

Appropriation Distribution-09

Total Agency Impact

FY04	\$41,501
FY05	\$30,797

General Fund Total

FY04	\$41,501
FY05	\$30,797

PL- 7802 - Statewide Adjustments - ES -

For ES, the state share of the present law adjustment is \$341,166 in FY 2004 and \$330,462 in FY 2005. This increase was offset by continuing the special session reductions of \$299,665. To achieve the reductions of the special session, ES eliminated support to the local government center by \$25,000, discontinued partial support to animal and range associate position by \$8,000, reduced the operations and equipment by \$40,000, reduced director's operations budget by \$29,594, reduced publications by \$13,000, reduced specialist operations by \$32,410 and left open other agent and specialist positions totaling \$118,661.

----- New Proposals -----

Total Agency Impact

FY04	\$90,000
FY05	\$90,000

General Fund Total

FY04	\$90,000
FY05	\$90,000

NP- 922 - Beef Transfer Position- ES -

The request continues the Beef Transfer Position with the Montana Extension Service. The appropriation was established as an OTO in the 2003 biennium.

Total Agency Impact

FY04	(\$87,415)
FY05	(\$92,808)

General Fund Total

FY04	(\$87,415)
FY05	(\$92,808)

NP- 7902 - Achieving the Governor's Target - ES -

The general fund target for Extension Services was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, ES must reduce its budget by an additional \$87,415 and \$92,808 in FY 2004 and FY 2005, respectively. ES has indicated that they will carry forward their FY 2003 special session reductions to achieve the target.

Bureau of Mines

Bureau of Mines and Geology Ed Deal 496-4180
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Mission Statement- To promote the effective use of mineral resources through investigation of their geology, production, treatment, and economics.

Statutory Authority – 20-25-215, MCA

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	33.67	0.00	0.00	33.67	0.00	0.00	36.67
Personal Services	1,710,532	40,789		1,751,321	37,563		1,748,095
Operating Costs	486,204	7,504	2,371	496,079	7,930	5,171	499,305
Equipment	1,121			1,121			1,121
Debt Service	101			101			101
Total Funds	\$2,197,958	\$48,293	\$2,371	\$2,248,622	\$45,493	\$5,171	\$2,248,622
State Funds							
General Fund	1,570,646	(19,552)	2,371	1,553,465	(22,352)	5,171	1,553,465
RIT Allocation	600,000	66,000		666,000	66,000		666,000
Subtotal State Funds	2,170,646	46,448	2,371	2,219,465	43,648	5,171	2,219,465
University Funds							
Sales & Service	27,312	1,845		29,157	1,845		29,157
Subtotal University Funds	27,312	1,845	-	29,157	1,845	-	29,157
Total Current Unrestricted Operating Fund	\$2,197,958	\$48,293	\$2,371	\$2,248,622	\$45,493	\$5,171	\$2,248,622

Note: BOM received \$2,170,646 in state funds and \$27,668 in misc. funds in FY 2002

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$19,552)	FY04 (\$19,552)
FY05 (\$22,352)	FY05 (\$22,352)

PL- 7803 - Statewide Adjustments - BoM -

For the Bureau of Mines (BoM), the state share of the present law adjustment is \$75,171 in FY 2004 and \$72,371 in FY 2005. This adjustment was offset by continuing the special session reductions of \$94,723. Reductions included \$41,111 to personal services; \$15,117 in contracted services; \$3,410 in supplies; \$16,871 in travel; \$5,080 in other operating expenses and \$13,134 in equipment. The bureau has indicated that they will continue their FY 2003 special session reductions.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$66,000	FY04 \$0
FY05 \$66,000	FY05 \$0

PL- 903 - Adjust Groundwater Account -

The groundwater assessment account will increase by \$66,000 over the base year amount. This increase happened in FY 2003 when the resource indemnity trust fund reached \$100 million.

----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$2,371	FY04 \$2,371
FY05 \$5,171	FY05 \$5,171

NP- 7903 - Achieving the Governor's Target - BoM -

The general fund target for the Bureau of Mines was the average of the FY 2002 and FY 2003 appropriation. To achieve this target, the BoM budget is increased by \$2,371 and \$5,171 in FY 2004 and FY 2005, respectively.

Commissioner Of Higher Ed-5102 Appropriation Distribution-09

Forestry and Conservation Experiment Station

**Forestry and Conservation
Experiment Station**
Perry Brown 243-5521

Mission Statement - The program purposes include studies of forestland resources, timber, and relationships between forests and water, pasturage, and recreation.

Statutory Authority – 20-25-241, MCA

Agency Proposed Budget	Base Budget Fiscal 2002	PL Base Adj. Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adj. Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	13.44	0.00	0.00	13.44	0.00	0.00	13.44
Personal Services	740,399	57,358		797,757	54,691		795,090
Operating Costs	184,121	2,265	(68,065)	118,321	2,571	(65,704)	120,988
Total Funds	\$924,520	\$59,623	(\$68,065)	\$916,078	\$57,262	(\$65,704)	\$916,078
State Funds							
General Fund	919,661	59,623	(68,065)	911,220	57,262	(65,704)	911,220
Subtotal State Funds	919,661	59,623	(68,065)	911,220	57,262	(65,704)	911,220
University Funds							
Interest and Other	4,859			4,858			4,858
Subtotal University Funds	4,859	-	-	4,858	-	-	4,858
Total Current Unrestricted Operating Fund	\$924,520	\$59,623	(\$68,065)	\$916,078	\$57,262	(\$65,704)	\$916,078

Note: FCES received \$919,611 in state funds and \$4,710 in interest earnings in FY 2002

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$59,623	FY04 \$59,623
FY05	\$57,262	FY05 \$57,262

PL- 7804 - Statewide Adjustments - FCES -

For the Forestry and Conservation Experiment Station (FCES), the state share of the present law adjustment is \$113,881 in FY 2004 and \$111,520 in FY 2005. This increase was offset by continuing the special session reductions of \$54,258. FCES had reduced personal services and operating expenses were cut during FY 2003.

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----- New Proposals -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$68,065)	FY04 (\$68,065)
FY05 (\$65,704)	FY05 (\$65,704)

NP- 7904 - Achieving the Governor's Target - FCES -

The general fund target for the Forest and Conservation Experiment Station was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, the FCES must reduce its budget an additional \$68,065 and \$65,704 in FY 2004 and FY 2005, respectively. They will continue to look at personal service reductions since their budget is primarily personal services.

Fire Services Training School

Fire Services Training School
Butch Weedon 771-4336

Program Description – To build capacity in local governments for protecting the life safety of citizens, their property, the tax base and infrastructure from harm caused by unwanted fires, accidents, injuries, hazardous material incidents and other emergencies

Statutory Authority – 20-31-102, MCA

<u>Agency Proposed Budget</u>	<u>Base Budget</u>	<u>PL Base</u>	<u>New</u>	<u>Total</u>	<u>PL Base</u>	<u>New</u>	<u>Total</u>
<u>Budget Item</u>	<u>Fiscal 2002</u>	<u>Adj. Fiscal 2004</u>	<u>Proposals Fiscal 2004</u>	<u>Exec. Budget Fiscal 2004</u>	<u>Adj. Fiscal 2005</u>	<u>Proposals Fiscal 2005</u>	<u>Exec. Budget Fiscal 2005</u>
FTE	8.48	0.00	0.00	8.48	0.00	0.00	8.48
Personal Services	358,898	58,055		416,953	58,851		417,749
Operating Costs	73,876	(24,175)	(33,849)	15,852	(25,617)	(33,203)	15,056
Equipment	72,947			72,947			72,947
Transfers	1,202			1,202			1,202
Total Funds	\$506,923	\$33,880	(\$33,849)	\$506,954	\$33,234	(\$33,203)	\$506,954
State Funds							
General Fund	507,637	31,621	(33,849)	505,409	30,975	(33,203)	505,409
Subtotal State Funds	507,637	31,621	(33,849)	505,409	30,975	(33,203)	505,409
University Funds							
Interest and Other	(714)	2,259		1,545	2,259		1,545
Subtotal University Funds	(714)	2,259	-	1,545	2,259	-	1,545
Total Current Unrestricted Operating Fund	\$506,923	\$33,880	(\$33,849)	\$506,954	\$33,234	(\$33,203)	\$506,954

Note: FSTS received \$507,767 in state funds and \$1,545 in interest earnings in FY 2002

Commissioner Of Higher Ed-5102

Appropriation Distribution-09

----- Present Law Adjustments -----

The table above reflects an increase in recharges from MSU Bozeman to Fire Services Training School (FSTS). Recharges are being considered as one decision package (PL-907), and it is contained with the educational units. The increase in the state share to FSTS is \$6,337 in FY 2004 and \$6,909 in FY 2005.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$23,284	FY04	\$23,284
FY05	\$22,066	FY05	\$22,066

PL- 7805 - Statewide Adjustments - FSTS -

For FSTS, the state share of the present law adjustment is \$52,413 in FY 2004 and \$51,195 in FY 2005. This increase was offset by \$29,129 of special session reductions. A vehicle replacement was deferred in FY 2003.

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	\$2,000	FY04	\$2,000
FY05	\$2,000	FY05	\$2,000

PL- 99 – NPQB Accreditation Fee - FSTS -

Effective January 1, 2003, the FSTS will be required to pay a fee to the National Board on Fire Service Professional Qualifications. This fee is required to maintain accreditation.

----- New Proposals -----

<u>Total Agency Impact</u>		<u>General Fund Total</u>	
FY04	(\$33,849)	FY04	(\$33,849)
FY05	(\$33,203)	FY05	(\$33,203)

NP- 7905 - Achieving the Governor's Target - FSTS -

The general fund target for the Fire Services Training School was the average of the FY 2002 and FY 2003 appropriation after the special session. To achieve this target, FSTS intends to partially fund a trainer position and reduce equipment purchase by approximately 50 percent.

Commissioner Of Higher Ed-5102 Tribal College Assistance Program-11

**11 Tribal College
Assistance**

Program Description - The program provides assistance to tribal colleges in Montana.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grants	96,500	0	0	96,500	(96,500)	0	0
Total Costs	\$96,500	\$0	\$0	\$96,500	(\$96,500)	\$0	\$0
General Fund	96,500	0	0	96,500	(96,500)	0	0
Total Funds	\$96,500	\$0	\$0	\$96,500	(\$96,500)	\$0	\$0

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$0	FY04 \$0
FY05 (\$96,500)	FY05 (\$96,500)

PL- 1112 - Tribal College Assistance Adjustment -

The appropriation was a biennial appropriation and was established in the base year. This technical adjustment is necessary to remove the duplicate appropriation that was established in MBARS.

Commissioner Of Higher Ed-5102

Guaranteed Student Loan Pgm-12

12 Guaranteed Student Loan Program
Arlene Hannawalt x0351

Program Description - GSL operates under federal regulation to guarantee federal student loans. GSL purchases and services student loans that have been defaulted, works to prevent default, collects outstanding principle from defaulted loans and provides training and technical assistance to schools and lenders under Title 20, Chapter 26, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	46.20	0.00	3.00	49.20	0.00	3.00	49.20
Personal Services	1,614,391	48,898	102,347	1,765,636	49,163	102,217	1,765,771
Operating Expenses	4,135,610	1,076	0	4,136,686	2,411	0	4,138,021
Equipment	9,895	0	0	9,895	0	0	9,895
Benefits & Claims	23,340,271	3,000,000	0	26,340,271	6,000,000	0	29,340,271
Total Costs	\$29,100,167	\$3,049,974	\$102,347	\$32,252,488	\$6,051,574	\$102,217	\$35,253,958
Federal Special	29,100,167	3,049,974	102,347	32,252,488	6,051,574	102,217	35,253,958
Total Funds	\$29,100,167	\$3,049,974	\$102,347	\$32,252,488	\$6,051,574	\$102,217	\$35,253,958

----- Present Law Adjustments -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$3,000,000	FY04 \$0
FY05	\$6,000,000	FY05 \$0

PL- 14 - Increase Claims Payment & Collection Recoveries -

During FY 2003, the Montana Guaranteed Student Loan Program (MGSLP) anticipates the reintroduction of Montana State University Bozeman (MSU) to the Federal Family Education Loan Program (FFELP). MSU left FFELP in 1994 to participate in the (then) new Federal Direct Loan Program for their federal student loan volume. With the addition of MSU's loan volume, MGSLP anticipates an increase in gross claim payments for which the agency must have appropriate authority to pay. (MGSLP is later reimbursed for these claim payments by the U.S. Department of Education.) With the addition of increased claim payments, MGSLP also anticipates increased collections on the associated defaulted loans. MGSLP must have appropriate authority to pay the Department of Education's share of the default collection recoveries.

----- New Proposals -----

	<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04	\$102,347	FY04 \$0
FY05	\$102,217	FY05 \$0

NP- 15 - GSL Additional FTE -

The Montana Guaranteed Student Loan Program (MGSLP) proposes the addition of 3.00 FTE to provide additional outreach services, support the loan disbursement escrow service to Montana schools and lenders, and improve agency accountability through reconciliation with the National Student Loan Data System and expanded production of statistical and accounting reports. MGSLP requests 1.00 FTE outreach coordinator, 1.00 FTE accounting technician, and 1.00 FTE research analyst.

There is no state funding in the MGSLP, and these positions will be paid from revenue on the services provided.

Commissioner Of Higher Ed-5102

Board Of Regents-admin-13

13 Board of Regents
Richard Roehm 587-3990

Program Description - - The Board of Regents program provides secretarial support, travel and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System under Article X, Section 9, Montana Constitution, and 20-25-301, MCA.

Program Proposed Budget							
Budget Item	Base Budget Fiscal 2002	PL Base Adjustment Fiscal 2004	New Proposals Fiscal 2004	Total Exec. Budget Fiscal 2004	PL Base Adjustment Fiscal 2005	New Proposals Fiscal 2005	Total Exec. Budget Fiscal 2005
FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Personal Services	14,400	(1,963)	0	12,437	(1,963)	0	12,437
Operating Expenses	39,452	0	0	39,452	0	0	39,452
Total Costs	\$53,852	(\$1,963)	\$0	\$51,889	(\$1,963)	\$0	\$51,889
General Fund	53,852	(1,963)	0	51,889	(1,963)	0	51,889
Total Funds	\$53,852	(\$1,963)	\$0	\$51,889	(\$1,963)	\$0	\$51,889

----- Present Law Adjustments -----

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 \$14,400	FY04 \$14,400
FY05 \$14,400	FY05 \$14,400

PL- 131 - Restore Base -

Board per diem is zero based so this adjustment restores authority for FY 2004 and FY 2005 to the level of actual expenditures for FY 2002.

<u>Total Agency Impact</u>	<u>General Fund Total</u>
FY04 (\$1,963)	FY04 (\$1,963)
FY05 (\$1,963)	FY05 (\$1,963)

PL- 7010 - Global Special Session Reduction -

Continue the special session reductions that were applied to the Board of Regents Program.

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